CERTAIN EXPIRING TAX PROVISIONS

HEARING

BEFORE THE

SUBCOMMITTEE ON SELECT REVENUE MEASURES

OF THE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

APRIL 26, 2012

Serial 112–SRM06

Printed for the use of the Committee on Ways and Means

U.S. GOVERNMENT PRINTING OFFICE

79–894 WASHINGTON : 2013

For sale by the Superintendent of Documents, U.S. Government Printing Office
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PUBLIC SUBMISSIONS FOR THE RECORD

HEARING ON CERTAIN EXPIRING TAX PROVISIONS

THURSDAY, APRIL 26, 2012

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
WASHINGTON, DC.

The Committee met, pursuant to notice, at 10:03 a.m. in Room 1100, Longworth House Office Building, the Honorable Pat Tiberi [Chairman of the Committee] presiding.

[The advisory of the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

Chairman Tiberi Announces Hearing on Certain Expiring Tax Provisions

Thursday, April 26, 2012

Congressman Pat Tiberi (R–OH), Chairman of the Subcommittee on Select Revenue Measures, today announced that the Subcommittee will hold a hearing on Member proposals related to certain tax provisions that either expired in 2011 or will expire in 2012 (also known as "tax extenders"). **The hearing will take place on Thursday, April 26, 2012, in Room 1100 of the Longworth House Office Building at 10:00 A.M.**

Oral testimony at this hearing will be limited to Members of the House of Representatives who, as of April 25, 2012, have either introduced or co-sponsored legislation related to tax extenders during the 112th Congress. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

For purposes of this hearing, a "tax extender" is any tax provision:

1. Extended in Title VII of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Public Law No. 111–312; "TRUIRJCA"), or

2. Expiring between the end of calendar year 2011 and the end of calendar year 2012, **other than any provision**:

   —Addressed in Titles I through VI of TRUIRJCA, or
   —Related to a transportation trust fund.

For purposes of oral testimony, "legislation related to tax extenders" means any measure introduced in the House that relates to the extension, modification, or termination of a tax extender.

BACKGROUND:

As part of TRUIRJCA—enacted into law on December 17, 2010—Congress extended various expired and expiring tax provisions through December 31, 2011. Most of these provisions had expired on December 31, 2009, and were among those temporary provisions that have typically been extended numerous times over recent years as part of the annual package of "traditional tax extenders." Those items include an array of tax provisions benefiting both individuals and businesses. In a few cases, TRUIRJCA modified some of these provisions, generally returning them to the form in which they existed prior to the American Recovery and Reinvestment Act of 2009 (Public Law No. 111–5).

In addition, a number of provisions that were not addressed in TRUIRJCA either expired at the end of 2011 or expire during 2012. Some, like those related to transportation trust funds, typically are not viewed as tax extenders. Others, however, have been extended in past tax extenders legislation.

In announcing the hearing, Chairman Tiberi said, **"As Chairman Camp and I stated last month, the Ways and Means Committee is engaged in a process to review dozens of tax provisions that either expired last year or expire this year. This hearing provides a formal opportunity for the Subcommittee to hear from our House colleagues about the merits of extending—or not extending—many of these tax policies."**

FOCUS OF THE HEARING:

The hearing provides Members of Congress the opportunity to speak on behalf of specific tax proposals they have introduced or cosponsored in the 112th Congress related to the extension, modification, or termination of one or more tax extenders. The hearing will evaluate how these proposals would measure against key metrics such as cost, effectiveness, and job creation.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, *http://waysandmeans.house.gov*, select "Hearings." Select the hearing for which you would like to submit, and click on the link entitled, "Click here to provide a submission for the record." Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Thursday, May 10, 2012**. Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225–3625 or (202) 225–2610.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word format and MUST NOT exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202–225–1721 or 202–226–3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the World Wide Web at *http://www.waysandmeans.house.gov/*.

Chairman TIBERI. Good morning. Today we are going to deviate from standard practice a bit, and we are going to allow each member of the Subcommittee or those who are joining us from the Full Committee to make a five minute opening statement and submit a written statement for the record.

We obviously are here today to talk about the extenders, those tax provisions that expired in 2011 or will expire in 2012.

I welcome all of you, and I welcome Members of the Subcommittee and members of the Full Committee who will be joining us.

I first want to commend our Chairman of the Full Committee, Dave Camp, for his leadership in working to overhaul the Tax Code. As he said, as some of you may remember, at the very first hearing that the Full Committee had at the beginning of this Congress, "Tax reform will be a long process."

In the meantime, we must continue to work our way through the Tax Code, and we have had over a dozen hearings at the Full Committee and Subcommittee in trying to do that.

Unfortunately, the Tax Code is riddled with scores of provisions that have been enacted on a temporary basis over time.

I use the word "riddled" not because I believe all these provisions are bad, because they certainly are not, but because while there are rare occasions when it makes sense to enact temporary tax provisions, such as during an economic downturn, most of the temporary provisions were made temporary not for policy reasons but for arcane Budget or Senate rules.

I am reminded in the Spring when I go to my tax accountant how frustrating it is for many in the real world as to why there are so many temporary tax provisions.

Making tax policy this way obviously wreaks havoc on the ability of families and business owners to plan for future choices with any certainty.

With a few exceptions, temporary tax provisions that are worthy should be made permanent. Those that are not worthy should be terminated.

That kind of certainty might not happen until we pass comprehensive tax reform, but in the meantime, today's hearing provides us a formal opportunity for this Subcommittee to hear from our House colleagues about the merits of extending or maybe not extending many of these tax policies.

For too long, Congress has simply rubber stamped the extenders package without any review, without any oversight that is charged by this Committee, of whether the individual provisions are effective, whether they create jobs, economic development, whether these provisions help us in any way, shape or form, and if they are upholding to the original intended purposes that were stated when they were passed.

This hearing will help us gather information that we can properly evaluate in each and every one of the provisions on its own individual merit.

Last year, Congressman Neal and I introduced H.R. 749, which would permanently extend the Subpart F exemption for active financing income.

It is among, I believe, the most important recently expired provisions in our Tax Code that must be extended. It is essential to the competitiveness of our U.S. international companies seeking to do business around the world.

I look forward to my colleagues' testimony. I look forward to the opening statements for those of the panel who wish to give them, and I look forward to hearing more information, not only today but in the future about these tax provisions.

I now yield to our Ranking Member, Mr. Neal, for his opening statement.

Mr. NEAL. Thank you, Mr. Chairman. I am pleased you called this hearing to examine the 2011/2012 tax extenders.

However, I should note my frustration that Congress has once again allowed so many of these important tax provisions to expire.

Most are discouraged that we are now just examining the 2011 extenders even though they expired several months ago.

Important principles of tax policy are certainty and predictability. We need to remember these principles as we deal with the tax extenders.

Many of the tax provisions that expired in 2011 are priorities of mine. For example, new markets tax credits and Build America bonds are very important.

The new markets tax credit is designed to stimulate investment and economic growth in low income communities that are traditionally overlooked by conventional capital markets. We have seen the result in all of our districts.

In Western Massachusetts, the local new markets tax credit's successes include small businesses like the River Valley Market in Northampton and the Massachusetts Green High-Performance Computing Center in Holyoke. We need to extend new markets.

Another provision that is very important that expired last year is the 15-year depreciation schedule for leasehold improvements, restaurant improvements and new construction, as well as retail improvements.

Mama Iguanas is a restaurant that opened last year in Springfield and took advantage of this provision.

We need to extend this 15-year depreciation provision and eliminate any tax law prejudices against retail store owners.

It is also absolutely essential, as you have noted, Mr. Chairman, that active financing rules of Subpart F, which expired at the end of last year, be extended as well.

This is an issue that the two of us have worked on and a bipartisan Majority of this Committee has co-sponsored to make the rules permanent.

The active financing rules are not a special incentive, rather they allow U.S. banks, insurance companies and finance companies to apply the regular United States tax law allowing for the deferral of U.S. taxes on active foreign business income.

Speaking of Subpart F, another important provision that we need to extend is the "look through rule." The R&D tax credit is a huge priority for many of us in Massachusetts.

In fact, Massachusetts is ranked third in the country in terms of the number of companies in the state reporting R&D activity. The R&D credit must be extended.

Another extender that is important to Massachusetts is the 2012 AMT patch. About 975,000 families in Massachusetts, including 80,000 in my district in Springfield, will be hit with AMT if we do not enact a patch for 2012.

A few additional extenders that are extremely important and should be continued are Section 25(c), which is a tax incentive for the purchase of energy efficient improvements to homes and Section 181, which is effectively a limited form of bonus depreciation to encourage domestic film production and job creation.

The extenders related to regulated investment companies or RICs, as they are called, as well, and the enhanced charitable deduction for contributions of inventory.

In terms of the 2012 extenders, we also must extend Section 127, which allows an employee to exclude from income up to $5,250 per year for tuition assistance from their employer.

Furthermore, the production tax credit for onshore wind and the investment tax credit for offshore wind are important as well, and I hope both will be extended.

I am pleased you have called this hearing this morning and I look forward to the testimony that we are about to receive.

Chairman TIBERI. Thank you, Mr. Neal. As I sit here listening to you, I cannot help but think if you and I could just go in a library and skip the rest of the House, the Senate and the administration, we could probably accomplish this pretty quickly.

Mr. NEAL. I suspect based on what we are about to hear in the next four hours, you may well be right.

[Laughter.]

Chairman TIBERI. Thank you for your opening remarks. With that, I yield to Mr. Roskam for five minutes.

Mr. ROSKAM. Thank you, Mr. Chairman. I think we have an incredible opportunity, Mr. Chairman. I thank you and Mr. Neal and the spirit with which you are approaching this, and Chairman Camp for his leadership in putting this together.

There is an unbelievable opportunity that we have as a Committee, the committee of jurisdiction over a Tax Code that is wildly unpopular. The opportunity is this, if you look back at the work of this Committee over the past 18 months or so and you distill down the work, and this hearing is part of that, and you can distill it down into one single word, I think that word would be "competitiveness."

How do you create the United States as the most competitive tax jurisdiction in the world where we build upon all of these things that we have going for us in this country, a culture of creativity, intellectual property, and the list goes on and on, but we have a Tax Code that is underperforming and not serving us well.

The question as you go through the detail and as the Committee goes through the detail of all these extenders is this, at what rate is it so attractive that companies and others are willing to walk away from an extender?

That is an interesting proposition. At what rate is the rate low enough that you say you know what, I do not need that extender anymore, I will take the rate.

That, I think, can be an animating theme today.

The other question is there are some of these provisions where it is not a tax policy per se but there is some other foundational question that was built into that tax policy, and we need to re-examine that as well.

Mr. Chairman, I appreciate the spirit with which you are approaching this. I think there is an opportunity here for not only the Congress to gain confidence with the level of scrutiny that the

Committee is giving these things, but ultimately, for the country to gain confidence that the Committee is taking this up in a thoughtful way, and I yield back.

Chairman TIBERI. Thank you, Mr. Roskam. Mr. Thompson is recognized for five minutes.

Mr. THOMPSON of California. Thank you, Mr. Chairman. I, too, want to thank you for holding this hearing, Mr. Neal, for holding this hearing. I think it is incredibly important that we assess this issue and figure out how to bring some certainty to the Tax Code.

There is a lot of talk about the need for certainty in the business community, and I can tell you that as it pertains to the Tax Code, I think this is most illustrative as to how important this issue is.

You cannot make decisions in your personal life and your business life and your financial dealings if you have tax uncertainty. What we have right now is the ultimate in tax uncertainty.

The President of the NFIB was on Bloomberg News and was asked what is Washington not hearing. He said they are not hearing about great uncertainty that small businesses feel out here today.

I would argue that we are hearing it. We are just not doing anything about it. Again, this extender issue is most illustrative of that.

Sometimes we pass them at the very last minute. We have been known to deal with these retroactively, and there is nothing that creates more uncertainty for a small business owner than that. We need to figure that out.

I have a long list as everyone else does of ones I believe to be important. I will mention a couple of them and then I will put in my statement for the record the whole list.

The production tax credit for wind expires at the end of December. We do not have until the end of December to deal with this.

Business owners, manufacturers, energy developers, governments, community groups, they are already making decisions on this very important part of our energy future today.

We are losing jobs today because wind energy development is not something that you wake up in the morning and decide, I think I will build a wind tower and site it this afternoon.

You have to figure out where the wind is, what the wind trends are. You have to work with community groups, get permitted, raise capital, go to production for these things. You cannot do it in a few hours, a few days, or sometimes even a few years. The lead time for wind projects at a minimum is a year to 18 months.

Yesterday I met with a group of combat veterans who were very, very outspoken on this issue, and for all the right reasons, including they know firsthand the cost of us being under the thumb of imported energy.

We need to deal with this one up front quickly.

R&D tax credits has already been mentioned today. I cannot tell you how often at home people ask me what is the future for the R&D tax credits. None of us can give a real answer to that. We can speculate. We cannot tell them with certainty how they should plan.

That is not right. We should be doing everything we can to make sure we do R&D and we do it right here in this country.

Another issue that is extremely important to me is the conservation easement legislation that Mr. Gerlach and I are working on.

That bill, since it has been passed in 2006, has done so much for land conservation, environmental protection, keeping people on the family farms.

It is not just a rural issue. It spills over into the community, and nowhere is that more apparent than in New York City, where that city gets its water from the surrounding watershed that is under fire for development purposes, and through conservation easements, folks have been able to protect that property and keep that watershed open and make sure city folks get their water.

It has the support of over 60 groups, everybody from Ducks Unlimited to Audubon to the Cattlemen's Beef Association. It has 300 co-authors on the bill that my friend Mr. Gerlach and I have. We ought to be pushing that through quickly.

One that did not make the list that should be on the list, Mr. Chairman, is the 48(c) rule, advance manufacturing tax credit. That is so important. It provides a credit to businesses, manufacturing, clean energy technologies, right here in the United States.

Like it or not, believe it or not, we are moving toward renewable energy, and we are moving there at albeit not the pace we need to, still faster than some are willing to admit we are.

The worst thing that can possibly happen is that we get there and all the components that we used to get there were made in Germany or China or someplace else.

Those are jobs that need to be right here in this country, and that is why this provision is so important.

Again, thank you, and I look forward to hearing the rest of the testimony on this very, very important issue.

Chairman TIBERI. I thank the gentleman from California for his testimony. It is always good to hear from the subcommittee's official wine connoisseur.

[Laughter.]

Chairman TIBERI. With that, I will yield to the gentleman from up North, Mr. Paulsen.

Mr. PAULSEN. Thank you, Mr. Chairman. Let me just also thank you and Ranking Member Neal also for holding the hearing and for the leadership of Chairman Camp.

I do think it is important as we move forward with the goal of fundamental comprehensive tax reform that we are having these hearings to help look at what works and what does not work as a part of the Tax Code.

I think these tax extenders certainly serve as an example of parts of the Code that for one reason or another do not work as well as they should either because the provisions are expired and they lose their intended use or they do not allow the certainty that our companies and businesses absolutely need, or because in fact some of these extenders have outlived their usefulness.

It is my hope that as we move forward on comprehensive tax reform, we can move away from the need to have the extenders discussion every year altogether.

I would like to highlight just a few of the extenders that I do think are worthy of extension or being made permanent as a part of more comprehensive reform.

First is the R&D tax credit, which was already mentioned. That is a provision that is strictly aimed at helping companies create new products so the United States can continue to be global leaders in innovation.

Innovation is key to economic growth and in keeping our competitive edge. It is part of our DNA. It drives the entrepreneurial spirit and has made so many small and larger companies successful here in the United States, and we should work to incentivize these types of activities.

The R&D tax credit has actually been allowed to expire 14 times since it was created in 1981. This undermines the effectiveness of the credit altogether.

Some of us are co-sponsors, Mr. Chairman, as you know, of an effort to modernize and make permanent the research and development tax credit, which would help bring stability to companies that rely on the credit when they are trying to develop new products.

I also want to note that as we look forward at the R&D credit, we need to make sure the credit is actually working as it is intended to work in the first place.

I have heard from companies in Minnesota who say the IRS makes it so difficult to comply with through time and resources that it makes it very difficult for companies to actually take advantage of the credit.

Similar uncertainty in depreciation tax provisions has also plagued the restaurant industry, which has faced inconsistency in their depreciation time line.

Historically, the Code has allowed for improvements to depreciate over 39 years, but that is nowhere near the reality that these owners face.

Congress created a provision that lowered that time line to 15 years, but that provision has not been made permanent, and just like the R&D tax credit, has on occasion been allowed to expire as well.

This uncertainty over the depreciation schedules led to 30 percent of restaurant owners putting projects on hold. Making this provision permanent or extending it for 15 years would absolutely help.

I am also a co-sponsor of the new markets tax credit, which was mentioned earlier. This credit would provide that 39 percent seven-year credit against Federal taxes for investment in economically distressed communities.

These credits go to areas that otherwise would not see investment or benefit businesses located in low income communities.

In my district alone, the credits have created about 150 jobs. The credit has been extended three times, and I believe it should be extended again.

Finally, I just want to mention legislation that I have introduced and am sponsoring. It is regarding the mutual fund flow through. This again is a provision that should be extended and made permanent.

There is no reason whatsoever that we should withhold funding from foreign persons who invest in mutual funds. We do not do it for other assets that are held directly.

Sadly, to get around this problem now we have seen foreign companies create mirror funds that mimic U.S. funds, and if we do not extend this provision, the U.S. will lose out altogether, driving investment overseas and taking the jobs with it.

Mr. Chairman, I look forward to the rest of the testimony we will hear from some of our colleagues today in taking a deeper look at some of the provisions in the Tax Code as we move towards that reform which we need.

Chairman TIBERI. I thank the gentleman. Dr. Boustany from Louisiana is recognized.

Mr. BOUSTANY. Thank you, Mr. Chairman. I want to thank you and Ranking Member Neal for convening this important hearing. It is clearly overdue.

I applaud the subcommittee's efforts to substantively reform the extenders process. For far too long, Congress has advocated its oversight responsibilities haphazardly, extending temporary law from year to year without taking time to figure out what works, what does not work, what is the economic benefit, what is the impact on employment, and so forth.

Congress must do better. A complete overhaul of our Tax Code is the real answer, and we are all working toward that goal, but until we get there, we have to make the extenders process workable to provide stability and certainty to U.S. taxpayers.

Job creators, whether it is a small business owner or CEO of a Fortune 500 multinational, are paralyzed by the uncertainty coming out of Washington.

We must provide a clear path forward for taxpayers in the short term and work to extend important tax provisions which help promote economic growth and strengthen American competitiveness.

To help U.S. companies compete in the global marketplace, I have introduced legislation along with Mr. Kind to permanently extend the CFC look through provision.

Enacted in 2006, CFC look through provides flexibility to American companies to deploy active business earnings among its foreign affiliates without immediate U.S. tax burdens.

In short, it allows American firms to deploy capital where it is most needed, the same treatment enjoyed by their global competitors.

CFC look through enjoys strong bipartisan support and helps ensure that American companies remain competitive on the global stage.

Mr. Chairman, I ask unanimous consent to submit into the record a letter signed by myself, Mr. Kind, and several of our colleagues in support of this very important measure.

[The prepared statement of The Honorable Charles Boustany follows:]

Congress of the United States
Washington, DC 20515
April 26, 2012

The Honorable Pat Tiberi
Chairman
House Ways and Means Committee
Subcommittee on Select Revenue Measures
106 Cannon House Office Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
House Ways and Means Committee
Subcommittee on Select Revenue Measures
2208 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Tiberi and Ranking Member Neal:

We write to you today to thank you for holding this hearing to examine the package of "tax extenders," many of which expired at the end of 2011. The expiration of many of these provisions causes great uncertainty to the business community, and we hope that Congress will act soon to advance appropriate legislation though regular order.

We urge the Committee to include CFC Look-Through in tax extenders legislation. The CFC Look-Through provision, codified as Section 954(c)(6) of the Internal Revenue Code of 1986, represents an important way to ensure that the tax laws of this country put worldwide American companies on a level playing field with their counterparts from other jurisdictions. It is crucial that this provision not only be extended, but that it become a permanent feature of the tax laws of this country. The bill which we support, H.R. 2735, would make this provision a permanent feature of the tax law, allowing for greater fairness and planning.

CFC Look-Through allows payments of dividends, interest, rents, or royalties in the normal course of active business operations between U.S. owned foreign subsidiaries to remain deployed in the business without an immediate U.S. tax burden. It does not apply to passive, highly mobile income. Along with many other provisions, CFC Look-Through expired on December 31, 2011.

The CFC Look-Through provision enables greater competitiveness and simplified business planning for American companies with activities abroad. In enacting the provision in 2006, the Congress wisely chose to recognize that it would result in similarly situated taxpayers being treated equally. Because of CFC Look-Through, worldwide American companies can do as their foreign counterparts can do, and redeploy active foreign earnings for efficient use in the activities of their businesses.

We hope that the Committee will pass legislation sooner rather than later that includes an extension of CFC Look-Through.

Sincerely,

Charles Boustany Jr., MD
Member of Congress

Ron Kind
Member of Congress

Bill Pascrell
Member of Congress

Joseph Crowley
Member of Congress

Aaron Schock
Member of Congress

Lynn Jenkins
Member of Congress

Tom Reed
Member of Congress

Mr. BOUSTANY. I want to thank you again for convening this critical hearing. I am eager to hear the testimony today and to work with our colleagues to implement a workable extenders process to provide certainty to taxpayers, to promote economic growth, while we continue to work on our overall goal, which is to enact fundamental tax reform, creating a 21st Century Tax Code that we can be proud of, a Tax Code that promotes American competitiveness.

I yield back.

Chairman TIBERI. I thank the gentleman from Louisiana. The gentleman from the Commonwealth of Pennsylvania, Mr. Gerlach, is recognized for five minutes.

Mr. GERLACH. Thank you, Mr. Chairman. I would like to thank you, Chairman Camp and Ranking Member Neal for your leadership in initiating a comprehensive review of these tax extenders, and for allowing all members to offer their views.

There is no doubt about the necessity of transforming our Tax Code. We need to move from the current hodge-podge of complex rules that burden our small business owners and hamper our country's competitiveness, to a more streamlined, more simple to understand and more dynamic system that unleashes innovation and ingenuity and encourages investment, hiring, and growth.

While it is important to shred many provisions that snuff out opportunity and bury job creators under the ream after ream of paperwork, it is also paramount that we preserve those policies that have proven successful and allow individuals, owners of businesses and communities to thrive.

Today, I would like to highlight three extenders that the farmers, property owners, and small business owners who I am fortunate to represent, believe are worthy of extending.

The first is the conservation easement tax incentive. Before expiring at the end of 2011, modest income property owners, family farmers, and other land owners utilized this incentive to voluntarily protect more than 83,000 acres of critical farm land and open space in my District, according to the Montgomery Lands Trust.

We now know that benefits derived from conservation easements extend well beyond the property lines of those participating properties.

A study recently released in November of 2010 by Greenspace Alliance and the Delaware River Regional Planning Commission found that open space preservation in Bucks County, Chester County, Delaware County, Montgomery and Philadelphia County in southeastern Pennsylvania have added $16.3 billion to the region's home values, support nearly 7,000 jobs annually in industries, including agriculture, tourism, hospitality, recreation, and open space management preservation, saved more than $130 million in water treatment and flood control costs, and through recreation at area parks and trails, avoids $1.3 billion in health related costs.

H.R. 1964, the proposed Conservation Easement Incentive Act, which I have sponsored along with Congressman Mike Thompson, would make permanent the conservation easement tax credit.

Earlier this year the legislation reached a significant milestone as the 300th co-sponsor signed on to this bill here in the House.

It is my understanding that of the thousands of bills introduced this current session, fewer than ten have topped the 300 co-sponsor mark.

We believe this legislation has generated widespread support because the conservation easement tax deduction works.

Restaurant owners and other small and mid-sized business owners know that the same can be said for the second provision I would like to highlight, that is making permanent the 15-year depreciation schedule for leasehold improvements, restaurant improvements, and new construction and retail improvements.

The 15-year depreciation schedule more closely reflects economic realities for most U.S. restaurants and retailers.

H.R. 1265, which we have introduced with Congressman Neal, would make the 15-year depreciation schedule permanent and provide much needed certainty for small and mid-sized businesses.

We know that using more reasonable depreciation schedules has spurred tremendous economic activity according to the Bureau of Economic Analysis, and for every dollar spent in the construction industry, an additional $2.39 has been generated for spending in the rest of the economy.

Moreover, for every dollar spent in the construction industry, 28 U.S. jobs have been created in the broader economy.

While unemployment is still unacceptably high, we need tax policies to encourage businesses to plan for and invest in new capital expenditures.

We also need to encourage investment in our communities, some of which are struggling even before the most recent economic downturn.

The new markets tax credit is designed to stimulate investment and economic growth in low income, underserved communities, that are often overlooked by conventional capital markets.

According to the GAO, 88 percent of new market tax credit investors surveyed would not have made the investment in low income communities without the credit.

According to the Treasury Department, every one dollar of foregone tax revenues under this tax credit program leverages $12 in private investment in distressed communities on a cost basis.

I am pleased to be an original co-sponsor along with Chairman Tiberi, Congressman Neal, and Congressman Lewis of H.R. 2655, and this bill would extend the credit through 2016 at a level of $5 billion per year in credit authority.

In closing, I would like to submit that these three provisions meet three very critical needs. All three of these proposals have received overwhelming bipartisan support.

They have the backing of individuals, businesses, and communities we represent because they benefit broad segments rather than narrow interests, and they have a proven track record of creating jobs, spurring investment and enhancing our quality of life in our communities.

I look forward to working with my colleagues on enacting these solutions and extending these three important provisions.

Thank you, Mr. Chairman.

Chairman TIBERI. Right on time. Thank you, Mr. Gerlach. I now recognize the gentleman from Connecticut, Mr. Larson.

Mr. LARSON. I thank the Chairman. I would like to thank Chairman Tiberi and would also like to thank Mr. Neal as well for their outstanding work with all the kudos and plaudits that have been laid at their feet this morning.

I am going to focus on three primary areas, the CFC look through, new market tax credits, and Section 181 of the production credit.

I hope that our take away from this hearing is a clear understanding we must act responsibly to enact an extenders package, and I hope today's hearing marks a very positive first step in that direction.

Our country works best when we provide entrepreneurs and innovators the opportunity to thrive and create. That is why I believe we look at these tax extenders and also consider a comprehensive tax reform, that we need to be prioritizing initiatives that will help us achieve both of those goals.

That is why I am proud to join Mr. Brady of Texas in introducing a permanent extension of the R&D tax credit, and I hope the Committee will look to that bill as a major priority as we continue forward with the extenders.

Further, I hope the Committee will consider retaining at a minimum the spirit of R&D credit in comprehensive reform.

We must ensure that America remains the center of innovation for years to come. Out innovating and out creating our competitors requires a Tax Code that provides the right incentives to companies to invest in the products and technologies that will help further our global economic leadership.

In this respect, we must act on extending and enhancing tax credits that have already led to promising developments in the energy sector.

Specifically, this means extending critical tax credits for natural gas, including the motor vehicle fuel credit, the fueling infrastructure credit in Section 30(c), and the alternative fuel vehicle credit in 30(b).

In addition, I have long supported investments in fuel cell technology. That is why I believe the Committee should consider an extension and modification of the alternative vehicle refueling property tax credit.

As an aside, Mr. Chairman, although not part of the extenders, the Natural Gas Act, where we have more than 186 signatures in the House, an important part of the discussion, both for energy independence and for providing jobs, I hope the Committee can also consider that. I realize it is not part of this issue.

Another issue we have been working on for a number of years is a volunteer responder incentive tax credit which unfortunately lapsed at the end of 2010.

This tax credit provided direct tax relief to volunteer emergency first responders, allowing communities to offer incentives to retain and recruit volunteer fire fighters without the benefit by it being diminished by Federal income tax liability.

Volunteer fire fighters are essential to our nation's safety and security as they comprise two-thirds of the estimated 1.2 million fire fighters in this country.

We all remember those going up the stairs to meet the firewall and those that are coming down.

I hope we can give them consideration as well as part of this extender package.

Finally, I will end on an issue that is not necessarily as well a tax extender but vitally important to virtually numerous millions of Americans.

With many companies switching from defined benefit to defined contribution plans over the past decades, more individuals are facing the prospect of having to work longer and with less retirement savings than the previous generations.

This combined with recent economic crisis presents an urgency for this Committee to ensure that we are creating the right incentives for people to save and ultimately prosper in their later years of life.

I commend my good friends, Mr. Tiberi and Mr. Neal for recognizing the urgency of working on these issues, and I applaud the rest of the Committee for its efforts.

Thank you.

Chairman TIBERI. Thank you, Mr. Larson. I now yield to the gentleman who hails from the state with the lowest unemployment rate in our nation, Mr. Berg from North Dakota.

Mr. BERG. Thank you, Mr. Chairman. I truly want to thank you, Mr. Chairman, and Ranking Member Neal for holding this important hearing today.

The current Federal Tax Code is unnecessarily complex and burdensome that both individuals and businesses find frustrating, time consuming, and costly.

This Committee has made a concerted effort to work towards comprehensive tax reform. Let me be clear in my belief, that the best thing we can do is simplify the Tax Code by lowering the tax rates and broadening the base.

However, while we work to achieve this goal, it is critical that we understand the wide ranging group of taxpayers' needs and what they need to do to make decisions right now relating to the current law, which has an immediate impact on our economy.

That uncertainty is the most damaging thing that Washington can do to our families and small business.

The extenders that we are discussing today affect a broad range of taxpayers, including associations, businesses, individuals, and non-profit and charitable organizations.

Yet their temporary nature creates substantial uncertainty. This uncertainty has a negative impact on economic growth and job creation, and places families and businesses really in limbo year after year and these short term extensions are not helping our already struggling economy.

We need a fair, predictable tax policy now. Under the current Tax Code, many of these extenders are important to U.S. jobs and the economy. It is important that we do not pick winners and losers outside the context of real comprehensive tax reform.

For individuals and families, deductions for state and local taxes, mortgage insurance premiums, teacher expenses, tuition, adoption credits, and military housing allowances, along with extending and expanding charitable IRA distributions, among others, all are important within the current Tax Code.

Businesses need certainty as well. In my senior year in college, I started a small business with a couple of friends. Over the next 30 years, we grew that business one venture at a time.

The best thing that Washington can do for small business is to provide certainty, and that means both tax and regulatory certainty. Then Washington needs to get out of the way and allow small business to do what they do best, grow and create jobs.

The tax provisions for research and development, leasehold and retail improvements, depreciation production, and charitable contributions all serve important purposes for our businesses in the current Tax Code.

In the context of tax reform, we can no longer remain the country with the highest employer tax rate alongside a complex worldwide system of additional taxation.

Deferral, active financing, and CFC look through provisions are all important in the near term as we move closer to a comprehensive tax reform.

Right now, North Dakota's economy is on the right track, and our nation could learn a lot about North Dakota. There are some that think the North Dakota story is purely about oil. It is really about instituting pro-growth policies and unleashing the private sector.

In fact, North Dakota truly is an "all the above" energy state. We have the only commercial scale coal gasification plant in the United States that manufactures gas.

We are the leaders in carbon capture and storage. North Dakota exports over 150 million cubic feet per day of CO_2 to Canada through a 205 mile pipeline.

We mine and burn lignite to create electricity. North Dakota produces over 500,000 barrels of oil a day and North Dakota has significant wind power, alternative and biofuel infrastructure, and is a leader in hydrogen research.

In addition to breaking our dependence on foreign oil, domestic fuel production and alternative energy solutions mean good American jobs.

Preserving tax provisions such as the percentage depletion for oil and gas, intangible drilling costs, among others, are important to encouraging domestic energy production.

While there may be a need to refine and update the current alternative and biofuels provisions, these provisions serve an important purpose in the current Tax Code.

I also appreciate the testimony of our committee colleague, Mr. Reichert, regarding the production tax credit, and I associate myself with his remarks.

This is not just rhetoric. In North Dakota, we have seen it work, and we have also seen what uncertainty can do to disrupt positive growth.

For example, wind accounts for 15 percent of our electricity generation in our state and provides thousands of North Dakota jobs.

There are more projects waiting to come on line, but all are stalled because of the uncertainty in the tax environment.

In 2003, when North Dakota faced a deficit, we solved it by tightening our belt and encouraging private sector economic growth.

This generated higher revenue, not higher tax rates. This reform ensured that the state would not change the rules on North Dakota families and small businesses when times got tough. North Dakotans knew that this tax stability would promote investment and innovation by our state's businesses.

Now as was mentioned, we have the lowest unemployment rate in the nation, and our economy is booming.

Our committee will remain committed to moving forward towards comprehensive tax reform, but until we are at the point where we have truly a willing President and an engaged Senate on this important issue, I feel strongly that we should not effectively raise taxes on small businesses and families in our current economy.

Thank you, and I yield back.

Chairman TIBERI. I thank the gentleman from North Dakota. While I ask the first panel of witnesses to make their way to the seats in front of us, I would like to make the audience aware if they are not already, that you have the ability to submit for the record any information that you would like on tax provisions that we are talking about today from the 2011 and 2012 extenders.

You have traditionally ten business days to submit it to the Committee. For those who are viewing, you may as well. Anyone may do that.

We are honored to have three members of the Full Committee with us for our first panel. Each will be recognized to give a summary of their written testimony before us, so let us begin with the gentleman from the Lone Star State, Mr. Brady.

STATEMENT OF THE HONORABLE KEVIN BRADY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. BRADY of Texas. Mr. Chairman, Mr. Neal, thank you very much for having us here today. I hope we will not engage a grilling from this Subcommittee as we give our testimony.

Let me, one, thank you for holding this hearing for examining the extenders, the value, cost, and results of these extensions, and I do support strongly your efforts for fundamental tax reform.

In 55 seconds, let me make two points. The first is that America is the world's largest innovator, but we are falling behind our competitors.

Our share of global R&D innovation has fallen dramatically, while China's has increased four-fold. We used to rank among the top in R&D incentives in the world. Today, we rank 24th.

Our companies are being courted very aggressively to move those R&D jobs overseas with strong incentives, and the technology innovations and high paying jobs that go with it.

I encourage this Committee to not only extend the R&D tax credit, I and others believe it should be simplified, modernized, increased and made permanent for us to again—our goal ought to be to ensure America remains the strongest economy in the world for the next 100 years. Innovation is key to that.

Second and final point is as long as we retain the current Tax Code—I and Jim McDermott lead a coalition of seven sales tax states that represent 62 million Americans, including in the State of Texas, as long as we provide deductions for state and local income taxes, we clearly out of fairness ought to do the same for state and local sales taxes.

In Texas, it saves our taxpayers about $1.2 billion, but here is what is interesting, the tax bracket most likely to itemize and save money are those making under $50,000 a year. This is middle class actually in a big way.

Mr. Chairman, I conclude my remarks, and while it is not extender, I will tell you I still believe the death tax is the number one reason America family owned farms, family owned businesses are not passed down to their kids. That is an issue in a larger context at the end of the year that this Committee will be looking at as well.

Thank you, Chairman.

Chairman TIBERI. Thank you, Mr. Brady.

With that, I will yield to the only CPA, I believe, on our committee, Ms. Jenkins from Kansas.

STATEMENT OF THE HONORABLE LYNN JENKINS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS

Ms. JENKINS. Thank you, Chairman Tiberi, Ranking Member Neal, and Members of the Committee.

I would refer to my notes but I cannot see them. I am wondering if there is a phone book or something that I can sit on. It is a very intimidating chair.

[Laughter.]

Ms. JENKINS. You cannot even see over the rail here. Regardless, I appreciate the opportunity to speak with you today.

I would like to speak to you on behalf of Section 45(g), the short line freight railroad rehabilitation tax credit.

This credit was first enacted in 2004 and has been extended twice, most recently through the end of 2011.

America's 550 short line railroads operate 50,000 miles of track, mostly in rural and small town America. These are small businesses run by hard working, creative entrepreneurs.

Section 45(g) allows the small businesses to keep more of what they earn and use those resources for investment in tracks and bridges to move the American economy.

These investments generate substantial benefits. Section 45(g) helps small companies grow and prosper. It allows the private sector and not a government bureaucrat to make the investment decisions necessary to serve rural businesses.

Most small railroads do not have the in-house manpower for large capital projects, so these efforts create new jobs. Virtually all track materials are produced by American workers in American facilities.

The investments create infrastructure that will generate public benefit for 40 years or longer, and they are assets that can never be moved out of the country.

The ultimate beneficiaries are the thousands of railroad customers who depend on these local railroads to move their goods to market.

An example from my own district in Kansas demonstrates a point replicated by 45(g) throughout rural America.

A major national cement company needed to invest $500 million to expand in a plant in my district. However, this expansion could only be justified if competitive and reliable rail service was available.

The South Kansas and Oklahoma Railroad was in the right location but needed a significant upgrade.

The 45(g) credit allowed SKO to make the necessary upgrades to meet that need. The cement company made that $500 million investment and today, it is producing and shipping millions of tons of cement by rail.

They are the largest employer in that community and generate millions of dollars in economic activity.

Creating jobs and generating economic growth is always a challenge, but it is especially challenging in rural America.

Short line railroads are not the largest segment of the transportation industry. Their importance is not their size but their reach.

There are short lines in 49 of the 50 states. They operate in 376 congressional districts. They serve thousands of businesses who would otherwise be cut off from the national railroad network.

As of today, H.R. 721 has attracted 225 co-sponsors, which I believe is one of the highest of any bills currently referred to the Ways and Means Committee.

More than 50 percent of both the Republican and Democratic Committee members have signed on.

My newest Republican colleagues have been among the most vocal and insisting that we carefully scrutinize the nation's tax policy, and as of today, 62 of the 87 freshmen Republicans have cosponsored this bill.

Mr. Chairman, it would be my preference to address comprehensive reform of the Tax Code, instead of taking a piecemeal approach, but obviously, we must address these expired tax provisions sooner than later.

That being said, there is much disagreement about what tax reform should look like, but there is a growing bipartisan consensus that the Tax Code should encourage capital investment and small entrepreneurial American business. That is exactly what 45(g) does.

Thank you.

Chairman TIBERI. Before I recognize our colleague from the Commonwealth of Kentucky, I will recognize Mr. Neal.

Mr. NEAL. I appreciate Ms. Jenkins' comments because the short line railroad credit works well, not just in rural America, it works very well in urban America as well.

It is a success story that has not been well reported.

Ms. JENKINS. Thank you. Yes, I agree.

Mr. NEAL. If people have a chance to discover what has happened in the economic downturn that we have, they are holding their own.

Ms. JENKINS. Certainly.

Chairman TIBERI. I thought you were going to make some sort of joke about short line and Ms. Jenkins. No, never mind.

[Laughter.]

Ms. JENKINS. Mr. Chairman, shame on you.

Chairman TIBERI. Just kidding. I have told the staff to make sure we had a phone book for future hearings. Thank you so much. Great testimony, Ms. Jenkins.

The gentleman from Kentucky is recognized.

STATEMENT OF THE HONORABLE GEOFF DAVIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Mr. DAVIS of Kentucky. Thank you, Chairman Tiberi and Ranking Member Neal for the opportunity to testify about these critical provisions of our Tax Code.

While I share the goal of broad-based tax reform, there are many preferences in our Code that are vital to America's economic health and job creation, provisions such as Section 179, expensing, and 100 percent bonus depreciation help cash flow for vital manufacturing and small business taxpayers.

According to the National Federation of Independent Business, one in two businesses face regular cash flow problems. While not within the scope of this hearing, these provisions help manufacturers and small businesses smooth out the roller coaster of these cash flow issues.

I hope as we continue to talk about extenders and tax reform, we keep these crucial provisions in mind.

Another provision that helps manufacturers is the research and development tax credit, which is what I would like to discuss today.

The R&D tax credit has spurred private sector investment and research by companies of all sizes across key industries. It is both bolstered America's place as the world leader in innovation, fostering development of new products and life improving technologies.

However, in recent years, many of our foreign competitors have invested more generously or in more generous R&D incentives in order to attract innovative companies and high skilled workers.

As of 2009, the U.S. had dropped to 24th in research incentives among industrialized nations. This is only compounded by the fact that as of April 1 of this year, we had the highest corporate tax rate in the world. Higher tax rates and smaller incentives hurt our position as a world leader in technological breakthroughs.

H.R. 942, the American Research and Competitiveness Act of 2011, introduced by my friend from Texas, Chairman Kevin Brady, would simplify and strengthen the U.S. credit by increasing the alternative simplified credit from 14 to 20 percent and making it permanent, while providing an one year bridge for companies that still use the traditional credit.

The certainty of a permanent R&D credit along with lower corporate rates would help to maintain America's position as a leader in innovation. The R&D credit leads to job creation in America.

A study by the Information Technology and Innovation Foundation estimates expanding the alternative simplified credit from 14 to 20 percent would spur the creation of 162,000 jobs in the short term, with additional job creation in the long run.

The credit was first adopted by Congress in 1981 and has been extended 14 times. It is time to give business the predictability they need to invest in next generation of invention or development by making the R&D tax credit permanent.

Finally, I would like to mention a bill I introduced with Ranking Member Levin, H.R. 3729, which would expand and make permanent tax incentives for businesses to donate food inventory to charity.

Permanently extending this deduction is a necessary step in the continued fight against hunger in America, and I would urge your support.

I thank the Chairman and Ranking Member for their time to testify and yield back.

Chairman TIBERI. Thank you, Mr. Davis. I would like to thank the three of you. If you would not mind staying just a couple of extra minutes, I wanted to ask a quick question.

Mr. Brady, you mentioned the R&D tax credit as well. You and I have talked in the past about Texas and the economy in Texas and the number of Fortune 500 companies/employers who have moved to Texas over the years, including to your metropolitan area.

I know you have talked to many of those companies. Can you talk about some of your discussions with those companies with respect to the R&D tax credit?

Mr. BRADY of Texas. Thanks, Chairman. I know it is important in Ohio, Massachusetts and Pennsylvania as well.

We have been fortunate to have a number of businesses located in Texas, but what is interesting is they tell us how aggressively they are courted around the world, whether it is energy companies that do R&D or technology companies that do the same, our medical industry as well.

These other countries know that when they bring the R&D, they bring good paying jobs and they have first claim on the patents and technology that go with them.

With the stop and start, go/stop process, one year, two years at a time, in effect, we are not getting the full bang for the buck for R&D. We are buying a car but we are only driving it one month installment at a time.

It can go farther and faster in innovation if we make it permanent and we simplify it, not looking backward to what a company has done on R&D, but looking forward and encouraging more of that.

Like you, in Ohio, these companies—we want to keep that innovation in America. At the end of the day, that is what is going to drive our future economy.

Chairman TIBERI. Thank you. Ms. Jenkins, obviously as a CPA, you know a little bit about the Tax Code. Mr. Roskam in his opening remarks talked about the complexity of the Tax Code.

When you talk to other CPAs, not just in Kansas but around the country, what do you hear with respect to the complexity and how that might be inefficient for Americans and American businesses?

Ms. JENKINS. I think that is the one thing that all political parties can agree on, that the Tax Code is too complex. We spend 18 to $19 billion a year complying with the Tax Code. That ought to tell you something.

In addition to just simplifying the Code, making it less costly to comply with, I think a second priority should be to certainly give them some certainty as it relates to the Tax Code as well.

I know tax reform is on the horizon. It is not necessarily the topic of the day, but we need to work to that end, to not only give them a less complex Code to comply with but one they can do planning beyond a six to 12 month period.

Chairman TIBERI. Thank you. Following, Mr. Davis, just to expand on the provision that you and Mr. Levin are co-sponsoring together, from your perch as the Subcommittee Chairman here on the Ways and Means Committee, what have you seen in terms of the benefit of that extender that you have co-sponsored?

Mr. DAVIS of Kentucky. The food donation credit is a great benefit because much food waste that happens in businesses can be handed off to frankly offset what could be an additional occurrence of taxpayer expense.

There is a ready pool of willing providers both in distribution networks and also from restaurants to get that food out to homeless shelters and a number of other vendors, soup kitchens, et cetera, that can make a real difference in people's lives, especially in that urgency transition.

Chairman TIBERI. Food that may otherwise not be provided to shelters?

Mr. DAVIS of Kentucky. That is correct. In all likelihood it would just be scraped. Often times I have been asked the question why would not the companies just take it down there anyway, but within their own operating rules, ironically, and other regulations that would impinge on that, there is a cost of transportation. There are other liabilities that are incurred.

By having the credit, it can offset not only the base material costs but also the transportation and overhead that is necessary to get it to the locations, particularly when it is in bulk.

Chairman TIBERI. Thank you. Thanks for your point. Mr. Brady is recognized for a thought.

Mr. BRADY of Texas. Thirty seconds. To follow up on a point you have made continually about our uncompetitive Tax Code, not only do we risk the loss of R&D innovation in America, but our Tax Code, when these companies compete around the world, they are punished to bring home those profits.

Many of them are stranded overseas, so not only do our global competitors have better incentives on R&D, they have access to ready capital to make those investments over there rather than the United States.

You are pushing for a territorial system to remove those impediments, and I think this, too, will help the innovation.

Chairman TIBERI. Great point. Thank you, Mr. Brady. Thank you, Ms. Jenkins. Thank you, Mr. Davis, for your time today.

We are going to move to our second panel. I will call up, if they are here, Mr. Welch from Vermont, Mr. Herger from California, Mr. Bilbray from California, and Mr. Schrock from Illinois.

It looks like we have two of the four here. We are not going to wait for the other two. We are just going to go ahead and begin.

With that, I will recognize the gentleman from California, Chairman of the Health Subcommittee of Ways and Means, who will be missed next year, Mr. Herger. You are recognized.

STATEMENT OF THE HONORABLE WALLY HERGER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. HERGER. Thank you, Chairman Tiberi and Ranking Member Neal, and Committee members. Thank you for the opportunity to testify.

As our committee works to reform the Tax Code, it is important to closely examine the merits of the various tax extender provisions.

One tax extender I strongly support is the charitable IRA rollover provision first enacted in 2006. This policy allows IRA owners to make tax free charitable contributions from their savings.

Our country has a long and proud tradition of charitable giving and meeting human needs through voluntary, private generosity, rather than relying solely on the taxpayer funded programs.

The tax deduction for charitable contribution recognizes the importance of this tradition and the charitable IRA rollover extends this favorable tax treatment to retirement savings.

Maintaining incentives for charitable giving is especially important in tough economic times, and several organizations in my Northern California District have told me that this provision has been very helpful to them.

I and Mr. Blumenauer have introduced a Public Good IRA Rollover Act to permanently extend the charitable IRA rollover. Our legislation would also make some important modifications such as allowing tax free rollover's to donor advised funds which help to keep foundations focused on local community needs.

Also, I would urge the Subcommittee to take a careful look at expiring energy tax incentives.

I strongly support increasing American energy production, but some of these incentives have outlived their usefulness. In particular, the ethanol blenders tax credit, I feel, is a wasteful subsidy that distorts the economy. It should not be extended or replaced with new tax subsidies.

To the extent that some tax incentives for renewable energy may be maintained, I believe we should aim to make them technologically neutral and avoid picking winners and losers.

Currently, wind energy receives a production tax credit that is double the level of other renewable resources, such as biomass and hydropower.

The Renewable Energy Parody Act, which I have introduced with Mr. Thompson, would equalize the PTC for all renewables, and I urge the Subcommittee to consider this reform.

Thank you, Mr. Chairman and members.

Chairman TIBERI. Thank you, Mr. Herger. Thank you for your leadership on the Committee.

With that, I will yield to the gentleman from Vermont, our colleague, Mr. Welch. Welcome to the Ways and Means Committee.

STATEMENT OF THE HONORABLE PETER WELCH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VERMONT

Mr. WELCH. Quite a place. Good to be here. Thank you very much.

Chairman TIBERI. Glad to have you.

Mr. WELCH. It is good to be here. Thank you so much for having this hearing.

I wanted to talk about the production tax credit, known as the PTC. The enormous responsibility of this Committee on taxes is quite astonishing because we do more through the Tax Code than we actually do through the appropriations process. This is the place where major policy is made, something you all well know.

This will have a real implication for us in Vermont, and I think in energy policy as well.

My view on tax credits is in emerging industries where there is a decision that makes sense to try to give them a boost because it is good for the creation of jobs, the creation of industry, and strengthening in this case our local energy production, is worthwhile.

As industries get more mature and they stand on their own, hopefully we would then wean them from tax credits.

This production tax credit especially for wind is really, really essential to help this industry get on its feet and be a solid performer, and essentially give us a chance to compete against where a lot of wind technology is being exported, and that is to China.

The way to do that, have a new energy future and create jobs here, is to maintain this production tax credit.

Since 1980, that credit has helped bring down the cost of these wind generation facilities by 90 percent. The credit helps create that market that allows scale to bring down price and then create jobs right here.

Wind has provided about 35 percent of all the new electricity generated in the last five years. Across the country, the wind industry has increased domestic manufacturing and created about 75,000 jobs.

In my home State of Vermont, renewable energy companies are producing clean and renewable energy and jobs. Right now, Vermont is generating 46 megawatts of energy, enough to power 11,000 homes, over 200 megawatts of new Vermont projects are in development.

Without these PTC credits, the projects are going to stall. That is just the fact. In fact, most likely, they will fail.

We have a great company, one of them called NRG Systems in Hinesburg, provides wind developers, utilities and turbine manufacturers with the tools needed to measure wind, and because of the uncertainty about the PTC and uncertainty obviously concerns all of us, they report about a 50 percent drop in U.S. orders compared with last year.

This PTC is really the life blood of making it economical to decide to do wind production.

Every day that we allow the extension of the PTC to hang in limbo, it creates a lot of uncertainty. I think both sides recognize uncertainty is no friend of security and investment decisions.

My request is that you include the PTC tax extender in the legislation and bring this to the Floor as soon as possible.

I thank you very much for this opportunity.

Chairman TIBERI. I thank you both. Would you mind subjecting yourselves to some questions if the panel has questions?

One that I have for both of you, if either of you would like to take a crack at it, we have a colleague testifying later today, this afternoon. He is going to testify, I believe, that we should actually eliminate all energy tax credits because he would argue—Mr. Bilbray, if you would like to have a seat, there is a seat right next to Mr. Herger, the California line there.

He would argue that it raises the cost in the marketplace of energy altogether.

How would either of you two, if you wish, respond to that?

Mr. HERGER. I think virtually everyone agrees that we need to be moving to renewal energy as much as we can. We need to be doing all of the above.

I think it is important that as we are looking at tax reform at a time when we are spending 40 cents out of every dollar's borrowed money, we need to be carefully analyzing everything and particularly, as I mentioned in my testimony, I think it is important that we put renewable on a level playing field. Let that renewable which is the most efficient move forward.

For example, I have a lot of bio renewable in my District that has tax incentives half the degree as say wind would have. Same way with hydro, which we have a lot of hydro in our area.

I think again this Committee and the Congress should be looking at what is the most efficient so the taxpayer gets the most for their dollar both through incentives and other ways.

That would be my request.

Mr. WELCH. That is a central question. My view on it is this, that ideally, we would have a partnership between private industry, entrepreneurs, and to some extent, the U.S. Congress with policies that facilitate the creation of jobs and encourage and facilitate the success of emerging technologies.

We are in a competitive global market. Other countries do have public policies that have a significant impact on the ability of their companies to get an industry started, get it to scale, where you can start bringing down costs and make it affordable.

My view is that Congress cannot take a pass and not actively decide and self-consciously decide about where in fact we want to have a public policy that is going to help an emerging industry, because if we sit on our hands and we do not do anything, then China is going to move ahead, Brazil is going to move ahead, and we are going to find that they get the jobs and we do not.

The difficulty is that to the extent you do a tax credit that does provide a competitive opportunity or advantage for the industry that has received that, others may complain.

We have to work that out here. Doing nothing and just saying hey, it is hands off, means our competitors are going to move ahead.

I see this as an important function of this Committee. We all know what the problems can be, that some of these tax credits over live their useful life, like for instance, I agree with Mr. Herger about ethanol, but to do nothing is to allow the other side and our competitors to move ahead.

Thank you.

Chairman TIBERI. Thank you. Mr. Neal.

Mr. NEAL. Thank you, Mr. Chairman. I think the nexus between Mr. Welch and Mr. Herger's commentaries is very important because one of the most under reported success stories in America today is the fact that we are currently using two million barrels of oil less than we were.

Mr. HERGER. Right.

Mr. NEAL. It is wild. What is going to happen over the next few years is even more extraordinary. I think we all want to get to the same corner of the room, whether it is from this angle or that angle.

There is also an important point, I think, that has been made here, as we transition away from less dependence on fossil fuels, but getting there also means that during this transition stage, we are going to need the help of the Tax Code because it does create behaviors and outcomes that I think in this instance are very desirable.

As Mr. Welch suggested, there will come a time when they can be ended, but in the short run, in order to keep them going, we are going to need those preferences.

Chairman TIBERI. Thank you, gentlemen. Mr. Bilbray, you are recognized.

STATEMENT OF THE HONORABLE BRIAN BILBRAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. BILBRAY. Thank you, Mr. Chairman, Members of the Committee.

I wanted to address 1149. It is a bipartisan bill that basically says that when you have one fuel like cellulosic ethanol that gets a tax credit, and then you have another fuel that is algae based fuel, you have one fuel that has only 70 percent of the energy content of regular gasoline, the other fuel has 100 percent of the energy capacity of gasoline, you have one fuel that is not compatible with refinery and cannot be exchanged one for one in a refinery situation, you have another that is compatible.

You could have one-half of one percent or you have 99 percent of your fuel system that could be algae produced, no difference in production.

When you have a situation where you have one fuel like ethanol, cellulosic ethanol, which has air emission problems but algae has none of those air pollution problems, why in the world would the Federal Government have a Tax Code that says that the one fuel with less performance and less environmental benefit would have the benefit, and the other fuel that does not depend on different technologies, in fact, does not even depend on the use of fresh water, can be grown in salt water, why would you not give that tax equity along with cellulosic ethanol?

This is where we are trying to get our Tax Code to reflect good science, not inappropriate politics.

All we are asking on this issue is that when you are looking at this mixture, if you want to talk about true green fuels, true fuels that can actually in the long run help to not only supplement but replace to a large degree over a long period of time, granted, the existence of fossil fuels as we know it today, then why would not our Tax Code reflect that strategy by saying that algae based fuel should get the same tax benefits as cellulosic.

I think when we get down to it, this is one place where Republicans and Democrats should agree that common sense, good science, and responsible political guidance says algae based fuels should get the same, at least the same, Mr. Chairman, seeing that it is 30 percent more energy per gallon.

Even if you give it equity, you are still short changing algae 30 percent when it comes to how much energy the consumer gets out of it.

I think that Tax Code should at least be equal, if not question the logic that maybe we ought to go to a BTU based credit somewhere in the future that reflects true energy that the consumer is receiving and the country is getting the benefit from.

I would yield back my time at this time, Mr. Chairman.

Chairman TIBERI. Thank you, Mr. Bilbray. I will ask you the same question that I asked the other two gentlemen with respect to energy tax credits.

What is your view that some of our colleagues may have that we should eliminate all the extenders with respect to energy tax credits? What would you say to that?

Mr. BILBRAY. Well, I think that is a legitimate argument to be held at this time. I think that in all fairness, you need to choose either to be engaged in the activity, trying to give an incentive, but if you do that, the incentive should reflect reality not politics.

If we are going to retreat from having tax incentives to try to encourage this type of production, where in the United States we have companies in the United States today that are actively engaged in algae production, including many that are under contract to the Federal Government for jet fuel, something that ethanol cannot do, I think you need to choose one or the other.

If you choose to be engaged in the encouragement of the production of so-called "green fuels/renewables," then it should reflect the science, not the politics. This bill basically does that.

Chairman TIBERI. Thank you. Mr. Neal.

Mr. NEAL. Mr. Bilbray, would you argue then that we should truncate these initiatives immediately right now, get away from them?

Mr. BILBRAY. I would prefer not to. I think there are some opportunities there, but I think the credibility, Mr. Neal, Congressman, of the program has been severely hampered by what basically appears to be Congress picking winners and losers based on political agenda's or misconceptions of environmental benefits.

I was a member of the Air Resources Board for six years. I was on an Air District for ten. I think you will agree, nobody is more hard core about environmental stuff than the California Air Resources Board.

The policies and the politics in Washington did not reflect the realities that I learned in all those years, 16 years of working on environmental and clean air strategies.

I think we need to go back, if we are going to maintain this policy, it needs to be based on good science, not based on back room politics. Right now, it appears to those of us involved in the environment that it is a misconception or it was a conscious—I think it was a misconception.

I think it was an admission through ignorance, not through intention. That is not the perception you get when you are in California.

Mr. NEAL. Let me pursue this. Are we suggesting that, for example, as President Obama says, "all of the above," a very integrated approach to energy independence, are we suggesting that you could build a nuclear power plant without Government guarantees?

Mr. BILBRAY. First of all, let me just say quite clearly, if you had the Federal Government streamline the procedures and take a more positive attitude of going to next generation nuclear, literally be active.

In fact, Mr. Neal, I can tell you right now as a member of the Energy and Commerce Committee, you are seeing this Administration working within the United States Navy that is becoming very aggressive at doing exactly that.

We have been able to show that there are third generation nuclear that is not only safe but much more cost effective, much lower problem, you are going to see much less of those guarantees.

The barriers to nuclear power are not scientific. They are political and they are regulatory. I say that as a former regulator.

Mr. NEAL. If we are talking about the present tense, it would be hard to draw the investor class to nuclear power without some sort of Government guarantee.

Mr. BILBRAY. Because of the regulation and obstructionism, 30 years of obstruction, before you can get something on line.

That is why it is easier to build a natural gas power plant than a nuclear power plant, although over long term, even as a proponent of natural gas as I am, long term, stationary sources such as natural gas plants should be the last choice of an environmental strategy not the first choice.

Mr. NEAL. Whether one supports or opposes the use of nuclear power, and to acknowledge the apprehension that the American people feel about it at this time, would almost guarantee that you could not go forward without those Government——

Mr. BILBRAY. Because of the misconceptions and the political agenda's that are tied to it. To say that clearly as somebody that would tell you is working on stuff like greenhouse gases, we do not embrace some of this technology as the U.N. Council on Climate Change said, who got the Nobel Peace Prize along with Vice President Gore, you have to embrace it and have a robust expansion of nuclear power if we are going to address issues such as clean air and climate change.

That is the kind of reality we run into that there is not compatible politics, but our politics should reflect the science, not the political pressure at the moment.

Mr. NEAL. There are notable uses of incentives that draw people to making investments that will not return——

Mr. BILBRAY. I wholly agree. In fact, we are actively engaged right now through the budget process of contracting with people to develop alternative energy sources and to develop safer forms and more efficient forms of nuclear power.

We are engaged in it one way or the other through the budget process, either directly through contracting or indirectly through tax incentives.

Mr. NEAL. Reducing the carbon footprints, entirely desirable. Moving away from fossils is a good idea. Certainly, I think everybody, given what has happened in Iraq and the Hormuz Straits right now, would agree that the dependence we still have on foreign oil is a direct threat to the security of many of our young men and women who serve us admirably every day.

Mr. BILBRAY. Mr. Ranking Member, let me say this quite clearly as somebody who was a regulator more than I was a congressman, how many times have you heard we need a Manhattan Project for energy independence?

Let me assure you as a regulator, the Manhattan Project would not be legal under today's laws. You could not legally even site the base in New Mexico within the boundaries that we did in World War II.

We have to make it legal, and one of the things I would say to you as a member of the other side, Energy and Commerce, as a regulator and somebody who is very environmentally involved, I see that those of us in Energy and Commerce need to be aggressive about standing up and making sure our regulations reflect a good outcome rather than politics, but I want the Taxation Department to do the same thing.

Mr. NEAL. This is a worthwhile conversation. One of the reasons we are less dependent on foreign oil right now by almost two million barrels a day is because the Government stepped forward to create greater requirements for more energy efficiency with many of the household appliances that we use today.

Would you agree with that?

Mr. BILBRAY. Well, I agree energy efficiency across the board has been probably one of the most cost effective benefits we can do, but it has its limits, as long as you know.

It is sort of the low lying fruit when we get into it. It is always the most cost effective because it is low lying.

Mr. NEAL. The point that I am raising is that there is general agreement on reducing the carbon footprint and there are a series of steps that the Government might incent to help get us there.

Mr. BILBRAY. I agree with that. Remember, too, at the same time as we talked about changing light bulbs, if we had allowed some environmental health departments to say because of mercury content, we are not going to allow those kinds of light bulbs, that whole strategy could have been blocked by Government regulation.

That is the kind of thing we see a lot of in other points. Thank God it did not happen there. It is a lot of issues.

My biggest concern is why reduce ten percent of electricity when this plant is burning coal, Mr. Ranking Member, and the fact is when we have the technology today that could totally eliminate the greenhouse gas emissions caused by our electricity here.

We have taken the easy part, but we have not taken on tough. We are still buying coal fired electricity for the Capitol of the United States, and as a Californian, you would go to prison for doing that.

Mr. NEAL. If you are in Washington State, you would agree that for the coal ash that is traveling through Seattle and through that state now, that has created its own uproar.

Mr. BILBRAY. That is a whole different issue. I do not think you want to take the heat, and we are going to address issues that when we stop coal—let me be frank with you.

My attitude is clean coal is as logical as safe cigarettes. That is a Californian perception. You know how we feel about both of those.

The fact is, Mr. Chairman, we all love railroads. We love the efficiency of them. We love the environmental benefit of them. As soon as we stop shipping coal in railroads, there is a whole new crisis that we are going to be addressing, but that is part of being aggressive and doing the right thing.

Sometimes there are real problems unforeseen that we are going to have to address.

I appreciate the chance to be able to talk about your part of the deal, and that is make our Tax Code fair, equal, and rational, and right now, it is not.

Chairman TIBERI. Who says taxes are not fun? This was very entertaining, Mr. Ranking Member.

I will say one point before I recognize the gentleman from Illinois. One other issue has driven down consumption, and that is the economy.

Mr. BILBRAY. Absolutely.

Chairman TIBERI. I know a lot of folks who are not driving as much, not traveling as much because of the economy.

Thank you, Mr. Bilbray.

Mr. Schock, you are recognized.

STATEMENT OF THE HONORABLE AARON SCHOCK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. SCHOCK. Thank you, Mr. Chairman, and thank you, Ranking Member Neal. It is a pleasure to be before our committee to testify.

We all know that this Committee is undertaking the necessary task of reforming our current convoluted Tax Code, and in this process, we have held over 20 hearings looking at ways to reform and make less burdensome different parts of the Code.

Turning 70,000 pages into a manageable, simplified Tax Code that is economically beneficial for both individuals and job creators, does not happen overnight.

While great strides have been made in the last 16 months, more work remains to be done.

In the meantime, as this Committee continues working towards our shared goal of lowering the rates and broadening the base, it is important that we give employers and individuals the certainty that their taxes will not increase by over $500 billion in the short term.

That is the topic which brings us here today. Many of the low tax provisions which expired last year or will at the end of this year serve a specific economic purpose and create jobs by keeping taxes low on both individuals and employers.

In reality, many of these "extenders" are patches put in place to prevent tax increases from taking effect until this Committee can finish its work on comprehensive tax reform.

Through tax reform, we hope to no longer remain the country with the highest employer tax rate in a worldwide system of additional taxation.

U.S. employers are forced to compete in a global economy, and important tax extenders which give them that temporary patch to compete, things like deferral, active financing, and CFC look through, are all slated to expire.

Extension of these provisions and others give this Committee the necessary time to rewrite the underlying rules of the game, a game quite frankly we are losing right now to our foreign competitors.

Some will say that the only economic effect of extending expiring tax provisions is a reduction in revenue to the Government. This argument sorely understates the benefit and economic growth which is derived from these low tax mechanisms.

I have taken a leadership role in the work opportunity tax credit, which provides a reduction in tax liability for private sector employers who hire employees off of public assistance.

Most recently, this Congress expanded this program to include unemployed veterans.

However, without the core work opportunity program, employers will be less willing to participate in the new veterans' hiring credit. It is hard for employers to justify maintaining that costly infrastructure of a work opportunity program which will now be one-tenth the size of the core work opportunity program, unless it is extended.

For an average tax credit of $1,000 through WOTC, it saves the Federal Government $5,000 in public assistance payments in just a year, nearly an equal amount in the state contributions to public assistance as well is saved.

In my home State of Illinois, which has one of the worse budget shortfalls in the country, this extension is extremely important.

Also of vital importance is the current biodiesel tax incentive, which has been on the books since 2004.

Until we can reduce the farmers' tax burdens below the current levels, I favor extending this policy which supports 39,000 jobs and returns more than $600 million per year in tax revenue to the Federal, state and local governments.

As I have told our Chairman, I will be the first in line to help reduce the 70,000 pages of our Tax Code to a slim volume which could fit in any of our pockets.

The bulk of these pages will become unnecessary with a lower and fairer tax rate for individuals and employers, a Code that helps taxpayers keep more of their hard earned money and employers more of theirs to invest, expand, grow and hire here in the U.S.

Until we are at that point where we have truly a willing President and an engaged Senate, it is of vital importance that we prevent looming tax increases on business and individuals, and we do so now.

Our President not too long ago said and I quote "You do not raise taxes in a recession, which is why we have not and why instead we have cut taxes. You do not raise taxes in a recession."

Well, for once, I could not agree more with our President's sentiments. With that, I yield back.

Chairman TIBERI. Thank you, Mr. Schock. Any comments from the Subcommittee?

[No response.]

Chairman TIBERI. Thank you for testifying today.

Mr. SCHOCK. Thank you.

Chairman TIBERI. That concludes our second panel. We will now move to our third panel of members.

Our first panelist today hails from the great State of Tennessee. Mrs. Black is recognized.

STATEMENT OF THE HONORABLE DIANE BLACK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mrs. BLACK. Thank you, Mr. Chairman and members. I am here today to acknowledge the merits of extending some of the tax provisions this body has addressed in the past that benefit both individuals and businesses.

Businesses of all size in Tennessee tell me how worried they are that one more tax increase or mandate from Washington might just sink them, and individuals are at risk of seeing their tax bills go up at the end of the year.

I want to address very briefly four of these extenders that are important either to my state or what I believe are important to the nation.

The first is the sales tax deduction. I agree with the Governor of my state that the state and local tax deductions are especially important for Tennesseeans as it is for six other states, including Texas, Florida, Washington, Wyoming, South Dakota and Nevada, that are without a state income tax.

That is why I am the co-sponsor of H.R. 476 introduced by my colleague, Mr. Brady from Texas. This bill would include the extension of state and local sales tax deduction.

This really is a fairness issue. Since 2004, when the deduction was restored, we have agreed that taxpayers in sales tax states should be treated equally as those in the Tax Code of those in states that rely upon an income tax.

Sales tax adds up for families. We are trying to protect them from a significant tax increase and help them stretch their pocketbooks a little further.

Taxpayers in these seven states who itemize their deductions have come to depend upon this provision and this deduction puts extra money in the pockets of our Tennesseeans which helps families and their budgets.

The second is the charitable tax deduction. Unlike other tax incentives, the charitable tax deduction encourages behavior that enriches our communities rather than individuals because it successfully encourages taxpayers to give more.

As charities struggle to meet the increased demands for their services and raise additional funds, we need to encourage all individuals of every level regardless of income to give more to the charitable organizations.

This is behavior that we need to encourage rather than to discourage.

The nice thing is this is one of those cherished traditions that we do not see anywhere else in the world. I would think this is one that we would want to keep.

The next one is the R&D tax credit. Congress has extended the R&D tax credit 14 times since it was originally enacted in 1981, and the R&D credit has proved an important incentive to spur our private sector investments in innovative research by companies of all sizes and sectors.

That is why I am a co-sponsor of H.R. 942, the American Research and Competitive Act of 2011 by Mr. Brady once again.

Finally, the 15-year depreciation that is a bill by Mr. Gerlach, 1265. Generally, the depreciation period, as you all know, for commercial building and improvements is 39 years.

Congress has modified that depreciation schedule for certain types of property over time, in addition to better reflecting the unique characteristics of property used in certain types of commerce.

Shortening the depreciation schedule stimulates the economy and job growth.

For this reason, I am a co-sponsor of this bill.

I just want to close by thanking you for having this hearing so that we could individually talk about why these are so important to us either in our communities or why we think generally they are important.

Thank you very much.

Chairman TIBERI. I thank the gentle lady from Tennessee who is a great member of the Full Committee. I thank her for being here today.

Mrs. BLACK. Thank you.

Chairman TIBERI. With that, I yield to the gentleman from Puerto Rico, Mr. Pierluisi.

STATEMENT OF THE HONORABLE PEDRO PIERLUISI, A REPRESENTATIVE IN CONGRESS FROM THE TERRITORY OF PUERTO RICO

Mr. PIERLUISI. Thank you, Chairman Tiberi, Ranking Member Neal, and Members of the Subcommittee.

I respectfully urge extension of two tax provisions that expired in 2011 and that are of great importance to Puerto Rico's economy.

First, I have introduced H.R. 4605, which would extend for two years a deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.

In the American Jobs Creation Act of 2004, Congress enacted Section 199, domestic production activities deduction. The deduction was intended to achieve a number of policy goals including providing support for the domestic manufacturing sector, and reducing effective corporate tax rates.

Section 199 allows a company to receive a deduction equal to nine percent of the taxable income that the company derives from qualified production activities within the United States.

However, the 2004 Act did not authorize a company to receive the Section 199 deduction on the income derived from those activities in Puerto Rico, even though Puerto Rico was part of the U.S., and jobs in Puerto Rico are American jobs.

Fortunately, that exclusion was corrected back in 2006, but every year or every two years actually, we need to extend it.

I respectfully submit that there is ample justification to extend this provision for an additional period of years or better yet to make it permanent.

Mr. Chairman, I have also sponsored H.R. 4374, introduced by Congresswoman Christensen, which would extend for two years the modest increase in the limit on the cover over of excise taxes to Puerto Rico and the U.S. Virgin Islands.

The cover over program dates back to 1917 in the case of Puerto Rico, and to 1954 in the case of the U.S. Virgin Islands. The territories are treated unequally under many Federal programs, and the cover over program helps to compensate for this fact.

The purpose of the program is to provide budgetary support to the territorial governments, and historically, funding has been used primarily for economic development, health care, infrastructure, education, and conservation.

I do believe the cover over program could be refined in certain respects to ensure that it is providing the greatest possible benefit to the U.S. citizens living in the two territories, where median household income is roughly half of what it is in our poorest states.

I have introduced legislation for that purpose. Nevertheless, the importance of the cover over program for my constituents and Congresswoman Christensen's constituents who are short changed in so many respects cannot be overstated.

Mr. Chairman, these two extenders have enjoyed bipartisan support and have had a positive impact on our national economy of which Puerto Rico and the U.S. Virgin Islands are integral parts.

I hope the Subcommittee will take action to prevent the economic harm that would result if these two provisions are not renewed. I yield back.

Chairman TIBERI. Thank you for your testimony.

With that, I yield to the gentleman from New Hampshire.

Mr. Bass is recognized.

STATEMENT OF THE HONORABLE CHARLES BASS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW HAMPSHIRE

Mr. BASS of New Hampshire. I thank distinguished Chairman Tiberi and Ranking Member Neal for your time and your attention. I think this is a great series of hearings that you are having today.

I want to preface by saying that I applaud this Committee's work in trying to come up with a comprehensive plan for tax reform and simplification for this country.

On top of that, we all know the fiscal cliff that we are facing at the end of the year and the impact that may have on the country's economy.

I know there are a lot of very significant priorities the Committee needs to address, the most important of which, I believe, is comprehensive tax reform and avoiding what we face at the end of the year.

To that end, I was one of four Republican co-sponsors along with four Democrats of, I think, the first bipartisan budget bill that has been before this Congress in my political career, and perhaps since the Budget Empowerment and Control Act was passed in 1974, so-called implementation of the Simpson-Bowles bipartisan tax reform—budget, rather.

I hope that this Committee along with the Appropriations Committee and the other committees whose jurisdictions will attend to this priority—that we need to work together to resolve the big issues that face this country over the next year.

However, within that context, I think it is important to consider that in lieu of comprehensive tax reform, the importance of maintaining the production tax credit for renewable energy, which has been around now since 1992.

It lapsed, as was mentioned by a previous member testifying, seven times. The last time it lapsed, which was in 2002–2004, renewable energy, most notably wind production installations, fell by 72 percent very quickly. This was devastating to the industry.

My home State of New Hampshire has a renewable portfolio standard of 25 percent by the year 2025, and part of that involves the installation of some pretty significant wind capacity in the state, most notably one project which is under construction right now in Groton, New Hampshire.

It will produce over $81 million in new economy to the state. It helps us reach that goal of 25 percent renewable by the year 2025. It is important not only for New Hampshire's economy and for our own legislative or policy objectives, but it is also important for this country to continue to balance the need to develop traditional energy resources with alternative energy resources.

As a member of the Energy and Commerce Committee, I will be working to that end on the policy side. I hope this Committee will continue to support renewal of the renewable energy production tax credit because I really believe that is important for our nation's energy future.

I thank the Chairman for his time. I hope you will consider this priority.

Chairman TIBERI. I thank the gentleman for his leadership on the issue. The gentleman from California, Mr. Campbell, is recognized.

STATEMENT OF THE HONORABLE JOHN CAMPBELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. CAMPBELL. Thank you, Mr. Chairman, Ranking Member Neal, and Members of the Committee.

I think I am the only Member of Congress who actually has an advanced college degree in taxation. I could comment on a bazillion things that are before this Committee, but I am going to limit myself to just one minor provision today, which is the mutual fund flow through exemption provision, something Mr. Neal may have a specific interest in as well.

Prior to 2004, we had a 30 percent withholding provision when foreign investors invest in mutual funds. As a result, foreign investors did not invest in mutual funds, because 30 percent, particularly if you do not make much money on the thing, you may wind up with less money after withholding than you actually made.

What they did is they set up what they called "mirror funds" in foreign countries that would try to mimic the investment decisions of U.S. mutual funds so that foreigners could sort of participate in the decisions of U.S. mutual funds.

In 2004, we eliminated that withholding provision and foreign money flowed back into the U.S. and the U.S. mutual funds again.

That provision expired at the end of 2011. The foreign money is running back offshore again into other places.

What is interesting and unfair about this withholding provision is that under current law, because that is what it is now, if you invest—if a foreign investor invests in something directly, like let's say an interest rate swap or something, they do not have to have withholding, even though it is an U.S. interest rate swap made by the same company that offers the mutual fund.

If they invest in a mutual fund, which has that swap as a part of it, then they have the withholding.

It totally discriminates and does not allow foreign investors to invest in U.S. mutual funds.

Let me point out, if we extend this exemption and make it permanent, which Congressman Paulsen has H.R. 4623 to do, and I am a co-sponsor of that, and that is what I would recommend, that we just eliminate this 30 percent withholding, but realize this does not change that foreign investor's tax liability to the U.S. at all.

This does not change the tax due based on the income they derive. This is only about withholding. All it is is changing the time at which that tax is paid, but not the total amount of the tax which is paid, because it is just a withholding thing.

I respectfully request that the Committee consider making this exemption, if you will, or eliminating this withholding provision on mutual funds, because what it is going to do is bring a lot more money into U.S. mutual funds which creates U.S. jobs both in the mutual fund industry and in the industries in which those funds are investing.

I thank the gentleman very much for his time and yield back.

Chairman TIBERI. Thank you for your testimony.

With that, the gentleman from Iowa is recognized, Mr. Braley.

STATEMENT OF THE HONORABLE BRUCE BRALEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. BRALEY. Thank you, Mr. Chairman, Ranking Member Neal, and Members of the Committee.

My job here today is to make you all feel good about what you do on this Committee, and that is why I want to talk about making adoption of the Affordable Tax Credit bill.

We have had a great adoption tax credit provision on the books, but a portion of it expired at the end of last year, having dramatic impact on couples considering adoption, and the entire tax credit will expire at the end of this year and revert to a much more draconian adoption tax credit that will provide disincentives for couples to adopt.

I want to tell you why this is such an incredible return on investment to American taxpayers.

First of all, you get families like the Craigs, Kalin and Johnny Craig, who adopted a beautiful child from Africa, Joseph, and brought him back to give him a loving, caring home.

They were able to take advantage before the end of the year of this $13,000 fully refundable tax credit.

This was a bipartisan effort that came about under both President Bush and President Obama. We have seen the number of adoptions nearly double in this country since that tax credit was strengthened.

If we do not act, it will revert to a $6,000 level. It will only apply to special needs adoptions, and the eligibility criteria income-wise will dramatically reduce even further those who are eligible for the credit.

Why does this make sense for taxpayers? We currently spend about $47,000 a year in state and Federal benefits to keep kids in foster care; $47,000.

This one-time $13,000 credit is an enormous return on investment, puts those kids into loving, caring homes, takes away the need to continue to provide state and Federal support for them, and is a win-win situation, and that is why it is so essential that we act together on an issue that should bring Democrats and Republicans together to feel good about our tax policy.

That is why I am asking you to move forward and make that permanent and provide that benefit to young children who are looking for a loving home.

I also want to echo the comments of my colleague from New Hampshire about the production tax credit. My state ranks number two in wind energy production. We lead the country along with Texas and Illinois in the number of jobs created by that industry.

We are currently providing power to one-third of our state with wind energy. We need to continue to provide certainty and predictability to people willing to invest and reducing our dependence on foreign oil.

I thank you for your time.

Chairman TIBERI. Thank you, Mr. Braley. Thank you for bringing up the adoption tax credit. I hail from a district that has the Dave Thomas Foundation on Adoption, the late Dave Thomas, who was a leader in establishing it, founder of Wendy's. I know if he were here, he would be cheering you on. Thank you for being here.

Mr. Marchant is recognized.

Mr. MARCHANT. Congressman Campbell, could you just explain to me, is the 30 percent withholding for distributions and dividends, so that even if a capital distribution is made, it is automatically 30 percent withheld?

Mr. CAMPBELL. Yes, that is my understanding of the law. Therefore, people can actually wind up having to have their entire amount of income withheld if they had any and perhaps even if they did not have any income.

Mr. MARCHANT. They file their tax return?

Mr. CAMPBELL. Then they get the money back later when they file their tax return. That is right.

Mr. MARCHANT. Thank you.

Mr. CAMPBELL. Thanks.

Chairman TIBERI. With that, I would like to thank you five for taking time out of your busy schedules to testify today.

Our third panel is concluded. We will move to our fourth panel. We did have a cancellation on the fourth panel. There are just two in our next panel. Mr. McGovern and Mr. Grimm, you can take a seat.

I am going to make an executive decision since we only have two on this panel. You guys have more time than just three minutes if you would like.

The gentleman from Massachusetts is recognized, Mr. McGovern.

STATEMENT OF THE HONORABLE JAMES MCGOVERN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. MCGOVERN. Thank you, and even though you are generous in offering to give us more time than three minutes, I am going to try to stick to three minutes.

I am happy to be here. Chairman Tiberi, Ranking Member Neal, Members of the subcommittee, thank you for the opportunity to testify today in support of extending parity for the transit benefit.

As you know, parity expired at the end of the 2011 calendar year. Currently, commuters who drive to work and park are eligible for up to $240 in pre-tax benefits per month from their employer while commuters who take mass transit, such as commuter rails, subways, buses, or van pools, are only eligible for up to $125 a month.

Commuters who drive and park were actually eligible for an increase in their monthly parking benefit at the start of 2012 because of an automatic cost of living adjustment.

At a time of high gas prices and when many families are still struggling financially from the recession, it makes no sense to penalize commuters who utilize mass transit.

I reintroduced H.R. 2412, the Commuter Benefits Equity Act, to make permanent transit benefit parity. This bill has 74 bipartisan co-sponsors.

I want to recognize my colleagues, Congressman Grimm and Congressman Blumenauer, for their efforts to extend the transit benefit.

In December of 2011, we organized a bipartisan letter to House leaders to extend the transit benefit in the payroll tax cut package. It was signed by 50 Members.

Then again in February, we organized another bipartisan letter; this time it was signed by 72 Members, urging that the transit benefit be extended in the continuing payroll discussions.

In recognition of the extremely difficult fiscal times in which we find ourselves, our letter proposes establishing parity at the revenue neutral maximum level of $200 per month for parking and transit benefits.

The Federal transit benefit is a perfect example of how targeted and effective Federal policy can benefit both employees, as a way to save money on their commute, and employers, as an attractive fringe benefit to offer their workers.

Employees and employers receive a pre-tax benefit resulting in sound fiscal savings for both.

It simply makes sense to reestablish parity between parking and mass transit benefits. It is good for employers, good for employees, good for the environment, helps take cars off our congested roads, and I am hopeful you will restore parity in the tax extenders package.

I appreciate the time you have given me here.

Chairman TIBERI. Thank you, Mr. McGovern.

The gentleman from New York is recognized, Mr. Grimm.

STATEMENT OF THE HONORABLE MICHAEL GRIMM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. GRIMM. Thank you, Chairman Tiberi and Ranking Member Neal. I do appreciate the opportunity to testify today in support of extending the expiring commuter transit benefit.

I would also like to thank my colleague, Mr. McGovern, for his leadership on this extremely important issue.

As a Member of Congress representing the citizens of Staten Island and Brooklyn, who have and face every day the longest commute times in the entire nation, seeing this vital program extended is of the utmost importance to me and all of my constituents.

The transit benefit is a highly effective tool used by an estimated 2.7 million Americans, and that is to help reduce the cost of commuting.

Transit Center, a New York City non-profit, found that when transit benefits are introduced to the workforce, 20 percent of employees alter their commuting patterns. They use public transit or van pools.

When considering that, a 3 percent reduction in single occupancy vehicles can lead to a 25 percent reduction in congestion. It is clear that the transit benefit is an effective means of reducing traffic.

While there are additional energy and environmental benefits that can be drawn from this, I want to take this time to also recognize the role transit benefits have on employers.

Simply put, the transit benefit makes sense for businesses of all shapes and sizes. The provision is a pre-tax benefit not only for employees but also for the employers who offer it, providing fiscal savings by reducing their payroll tax burden.

According to corporate service provider Edenred, last year, employers who offered the transit benefit saved an estimated $311 million in taxes. When we look at this in context, these savings could be used to hire 6,200 new workers, providing many employers with the additional resources that they need to expand their business and do exactly what the Congress wants, create new jobs.

The transit benefit also provides small businesses and job creators with a financial incentive to help their employees increase their disposable incomes. This is a perfect example of how targeted and effective Federal policy can provide employers with an opportunity to help their employees save money, obviously, on their commute, while saving employers money that can be reinvested into their own businesses, again, to create new jobs.

Congress should not continue to promote a tax policy that is favoring drivers over commuters and that penalizes businesses that are doing the right thing by offering their employees incentives to utilize a variety of transportation options.

If we do not act quickly, millions of transit and van pool riders will continue to be taxed more than their fellow commuters who drive to work.

This inequity will force many commuters out of trains, buses, and van pools and back into their cars, which will lead to increasing congestion, fuel consumption, lost productivity, and wasted time that could be spent either at productive work or home with their families.

The effort to extend this important benefit has received overwhelming bipartisan support here in the House, as evidenced by the 107 signatures garnered by the two letters that my colleague just mentioned.

I encourage the Committee to extend parity between the transit and parking benefits at a monthly level, providing relief from the high cost of commuting to American workers who choose public transportation and van pools.

Again, I thank you for your time. I yield back.

Chairman TIBERI. Thank you, Mr. Grimm. Thank you, Mr. McGovern. You both represent areas of our country where quite a bit of mass transit occurs.

Some of our colleagues are in states where very little mass transit occurs.

If you had to summarize to a colleague on the Committee who has very little mass transit the impact of the Congress not extending this provision, what would you say?

First, Mr. McGovern. What would you say would happen in Massachusetts to both transit riders and employers?

Mr. MCGOVERN. They have already seen a reduction in their benefit. They have to decide whether it is more economical for them to drive to work or take mass transit. If they make the decision to drive to work and there are more commuters on our highways, our roads need more repair, the cost to the state and the Federal government increases.

I would argue there is an environmental impact of increased congestion on our roads.

I think the nation as a whole benefits from this. Again, I do not see why we should provide more incentives for a person who drives their car alone to work versus a person who gets on a train or bus and goes to work that way, which is better for the entire community.

Chairman TIBERI. What would that incentive be for someone who does not have mass transit?

Mr. MCGOVERN. Right now, people that drive to work and park are eligible for up to a $240 pre-tax benefit per month.

We had tried to create parity in the stimulus bill, and then when that ran out, we saw those who actually took mass transit to work go from $240 down to $125 in terms of their benefit. That is a significant drop.

Again, it is enough of a drop to make somebody wonder whether it is more economical to drive to work than take mass transit.

Again, the more cars on the road, the more wear and tear, the more cost of maintaining our highways. Again, at a time when we are trying to encourage more people to utilize mass transit, letting this benefit expire does not make any sense to me.

Chairman TIBERI. Mr. Grimm, can you give a New York City perspective?

Mr. GRIMM. I certainly can. I think people that are not as familiar with my specific district within New York City would think I would side with those that have massive mass transit.

Staten Island, which is more than 70 percent of my District, is known for not having mass transit. It is one of the biggest problems we have, congestion and traffic because of the lack of mass transit.

However, even in areas, rural areas that do not have mass transit, we want to encourage people to van pool and car pool. That is what this extension would do. It makes people be more efficient so that neighbors can get together, colleagues that work in the same general area can come to their own agreements to share a car or van pool.

I think it is very bad precedent for the Congress as a whole to pick winners and losers. The country is different. There are going to be areas like the heart of New York City, Manhattan and Brooklyn, that have a tremendous amount of rail and access to transportation, and parts of the city like Staten Island that does not.

I think they should all be at parity and all should be equal, but when you look at it, I think the incentives to put people in car pools and to be creative, even when there is not mass transit, is obvious, and for that reason, I would strongly urge parity.

Chairman TIBERI. Thank you. Mr. Neal.

Mr. NEAL. Thank you, Mr. Chairman.

Mr. Grimm, following that logic that you have laid out here, you agree it is okay to incent certain behaviors to encourage people to commute rather than have just one person in terms of occupancy in a car using more fuel and standing in line for a longer period of time?

Mr. GRIMM. Yes.

Mr. NEAL. You agree with that. If that is the case, we are having the conversation that it is generally a good idea to have less reliance upon fossil fuel. Is that an agreement?

Mr. GRIMM. In general, yes.

Mr. NEAL. In general. Does the Government not have some compelling interest in encouraging use of renewable energies?

Mr. GRIMM. As long as it is sustainable and practical.

Mr. NEAL. Would you grant that solar and wind are worthwhile given Staten Island's geography?

Mr. GRIMM. If you are discussing possibly wind turbines as opposed to wind mills, then I would say yes. As the studies and the science gets better, I think those are going to be options for the future.

If you are asking me based on what it is right now, wind mills, I would say probably not. I think it would cost more money than what we have now.

For it to be a real alternative, in my humble opinion, an alternative means that it can provide the same service at an equal or less cost. If it is more and needs massive Government subsidies like say, for example, biofuels, where we have to subsidize it at $1 per gallon, that is not a real alternative. That is not an alternative. That is the Government just paying for something because we do not have the alternative yet.

Science has to catch up with it, but I think an "all of the above" approach is what we should be doing as well as R&D.

Mr. NEAL. If science catches up with it, would you agree that before science catches up with it, we might need to build a bridge through the Tax Code to encourage science catching up with it, as you have described it?

Mr. GRIMM. To some extent, yes, but again, it has to be practical, reasonable and sustainable, and within our means.

Mr. NEAL. If you want major companies to embrace renewable energy, does there not have to be in this transitioning period some sort of incentive that is built into the Code to encourage that sort of behavior?

Mr. GRIMM. Well, I think this is a perfect example of an incentive. This is a perfect example. Right now, the way it is, we are giving an incentive for people to get in their cars, single occupancy in cars, as opposed to using public transportation. That seems backwards to me.

Mr. NEAL. The incentive here is clearly as you argue it, to encourage the Tax Code to incent that behavior.

Mr. GRIMM. Yes, or at least to make it equal at a minimum. We are asking for parity, not to pick winners and losers. I am asking for parity.

Mr. NEAL. How do you pick winners and losers when it comes to wind and sun? Is it not desirable to relieve pressure from imported oil?

Mr. GRIMM. Again, I think that it is based on simply the economics and where the science is. If it is not efficient and the cost is not sustainable, then I do not consider that an alternative.

Mr. NEAL. If the President says "all of the above," are you suggesting that you could build a nuclear power facility today without Government guarantees?

Mr. GRIMM. When you say "without Government guarantees," first let me say I do believe nuclear is one of the answers to our energy needs.

Mr. NEAL. Could it be constructed today without Government guarantees? Could a plant be constructed?

Mr. GRIMM. I do not know enough about the subject to be completely honest with you to say what that would entail. I would say this, that I think nuclear now, for example, in my great state and the great City of New York, we have about 25 percent, do not quote me on the exact number, of our energy coming from Indian Point, which has been providing clean, good, fairly cost effective energy for New York City for a long time, and I am a full supporter of that.

Mr. NEAL. The short answer here, Mr. Grimm, all I am suggesting to you is I am in agreement with you on the commuter tax.

Mr. GRIMM. Great.

Mr. NEAL. Having said that, my point is when you continue it to its manifestation, the issue of what the Government nurtures, I think we do not get to renewables without this bridge for a short period of time to encourage these alternative sources of energy.

Chairman TIBERI. I thank the two panelists, and just add my two cents, Mr. Neal. I would argue that while the President talks a good game about "all of the above," his Administration, coming from a state that has a lot of natural gas, oil, coal, that many small entrepreneurs would argue that the Administration has been anything but "all of the above."

We can have that debate another time. I know you have mentioned it a couple of times with respect to the President, an issue sensitive to me. I would argue we can reduce imported oil, imported fossil fuels, by more domestic opportunities in the fossil fuels.

Mr. NEAL. This is a fair discussion. Domestic capacity is up by 20 percent. Next year, North Dakota is going to produce more oil in Prudhoe Bay.

Chairman TIBERI. No thanks to the Federal Government.

Mr. NEAL. My point is many of these incentives one might argue have been also brought about because of the Code. We did a pretty good energy bill here a few years ago.

Mr. GRIMM. Ranking Member, if I may, keeping in mind, regulations do play a major role in this. When you look at the amount of coal plants that are closing, refineries that are closing, the fact that our pipelines are antiquated and desperately need to be upgraded, and there is a tremendous push back through the regulators on those things, it does not seem to really be that the Administration wants an "all of the above" approach.

Those are just the facts as I have been reading them. Again, I am not an expert.

Chairman TIBERI. We do have our 12:00 panelist here. Just to kind of close this, to Mr. Grimm's point, in my State of Ohio, a hot topic right now is the fact that—this debate occurred during cap and trade, the public utilities are raising rates at the same time they are closing coal plants because of the Federal Government.

The alternative fuels that are taking place, and that is a policy decision, are raising the rates to homeowners as well as businesses, and that is happening right now in our state.

That is a debate that entails the discussion that you two are having.

There is a consequence to the dollars that are paid by at least my constituents in Ohio.

Mr. NEAL. At the moment though, I think it is fair to say as well that we are much less dependent on coal, and part of that reason is because many of our international competitors are more dependent on coal. It is that export market that is driving part of the decision making.

Chairman TIBERI. In part because coal plants in my state are exporting because there is less domestic wanting because of Federal regulations.

Thank you both. We could have this discussion all day. Like I said earlier, who said the Tax Code is not fun in terms of discussion. We are having a great time today. Thank you both.

Mr. GRIMM. Thank you. Thank you, Ranking Member.

Chairman TIBERI. I thank Mr. King and Mr. Costa for their patience. They are up next for our 12:00 panel. We have two on our 12:00 panel. Welcome to both of you.

We will begin with the gentleman from the Hawkeye State. Mr. King is recognized.

STATEMENT OF THE HONORABLE STEVE KING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. KING. Thank you, Mr. Chairman and Members of the Subcommittee. I appreciate the privilege to testify here today.

I think I will dispense with my prepared remarks. I know you study them well, as does the staff. Bring this to a few points that I think are important to be emphasized.

I am here to testify in support of the protection of tax credit for wind generation of electricity. I would point out that Iowa has the second highest percentage of our electricity generated from wind of the states. South Dakota is ahead of us. Also, we have developed an industry there over the years.

As I was in the State Senate 15 years ago, I sat down and received a briefing on the future of the wind generation of electricity in Iowa and across the country.

That briefing identified that our costs were at 15 cents per kilowatt hour. Of course, that seemed pretty high at the time and illogical, but they said we will get these costs down to three cents. We think we can get them to three cents.

I have been watching it along the way. Those costs have ratcheted down from 15 cents down to the most reliable number I have, 5.2 cents. They have cut it more in half in the last few years, the cost of electrical generation by wind.

The central piece of the point that I would like to emphasize is that when we come up with new renewable energy or any kind of energy, you have to find a way to have market access.

I was involved in the ethanol industry early, involved in the biodiesel industry, now the wind industry.

My Congressional District produces more renewable energy than any other Congressional District out of all 435 in America, and with the new District, the new 4th District, which will be 39 counties across Northern Iowa, we will be far and away the largest renewable energy producing district in America.

I go back to sometime in the 1970s when we first began with these endeavors. One of the challenges, of course, is technology.

A normal wind turbine back in those earlier years would produce about one-sixth of the electricity that a single wind turbine does today, a typical, but it has always been the technology, the engineering, is one challenge, and the next challenge is market access.

Ethanol, for example, you could not get that in a gas station. You had to find a way to provide market access.

We have gone through this process in each of these renewable energy components and provided a way to kind of crack into the market access, if you will. Now we are on the edge of blenders pumps for ethanol, and they have come to us and said we will let go of the blenders credit because we are ready to compete in the industry now, we just need a little more help with market access.

A similar thing is taking place with wind, which is why I bring up the ethanol relation to wind. We have a tremendous infrastructure that has been built. That infrastructure has to have a little paydown on the return on investment before it can sustain itself.

I watched as 100 bases were put in place before the credit was extended several years ago. It was about the fourth or fifth of December when the Ways and Means Committee moved the production tax credit for wind. From that date in December until the 31st, 100 towers were stood up, 100 turbines were put up, and they were on line.

It was the only company in the country that took advantage of the credit that year.

We need to have some support to extend this so that we can phase this support down. I would go to the industry and ask them how soon. I do not want to go on record as saying how soon.

I would very much like to see an extension here, and if that extension becomes a condition, that they come back with a proposal on how long it would take to phase that down, I think that is an appropriate and responsible thing for us to do.

I see I have run out of time, and I appreciate your attention, and I yield back.

Chairman TIBERI. I thank the gentleman from Iowa. Mr. Neal would like to make a point.

Mr. NEAL. Thank you, Mr. King, for your testimony. That is the point I have been making all morning, that you need it until you phase it down. That is precisely the point I have been trying to make.

You made the argument that but for the production credit, those turbines would not have been up and running. Is that correct?

Mr. KING. Correct.

Mr. NEAL. You can use this Democrat's endorsement back there, and I am sure it will be very helpful to you.

Chairman TIBERI. Wow.

[Laughter.]

Mr. KING. We have a good bipartisan bill out before us with a lot of Democrat endorsement. I would like to see some more Republicans of that mindset.

Chairman TIBERI. Let the record show Congressman Steve King and Congressman Richard Neal agree.

[Laughter.]

Chairman TIBERI. With that, we will turn to the gentleman from California, Mr. Costa.

You are recognized.

STATEMENT OF THE HONORABLE JIM COSTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. COSTA. Thank you very much, Chairman Tiberi and Ranking Member Neal, for hosting this Subcommittee effort. You have a difficult task today.

We have a number of expiring tax measures before the House, the Ways and Means Committee as well as the Congress.

They all have varying degrees of merit, and obviously as we look at comprehensive tax reform, which I suspect we will not do until next year is my view, all of these interim tax measures obviously have to be addressed in some fashion.

I would like to talk about a few of them in my testimony this morning or this afternoon I should say.

Obviously, there are a number of benefits to companies and small businesses around the country. In my District, a number of these tax measures provide incentives for biodiesel and renewable diesel. Some of the renewable portfolio that my colleague was just speaking of.

Empowerment tax incentives, extensions of renewable electricity and production, percentage for the depletion for oil and gas, marginal wells. In Kern County, we have a lot of oil production, and others.

I would like to focus today on one tax extension, which has been helpful to our constituents in the San Joaquin Valley, and that is the new market tax credits.

I am pleased to join with over 60 of my colleagues on a bipartisan basis to co-sponsor H.R. 2655, the New Market Tax Credit Act of 2011.

H.R. 2655 extends those credits for five years. I would urge the Committee to consider this measure and adopt it as part of whatever overall package you produce.

At the national level, between the start of the program in 2003, going back to the Bush administration, the new market tax credits investments totaled $20.9 billion.

The costs for the financed projects during that time, it was $45 billion around the country. I think that is a pretty good leverage in terms of investments that were made of significant capital from other sources.

This financing was mostly located in high distressed communities throughout the country, around 60 percent were located in communities where the unemployment rates were at least 1.5 times the national average.

In my Congressional District, the new market tax credit investments totaled $60 million, and total project costs came to a value of over $114 million, over almost a two to one ratio.

This is significant investments in areas where capital investment is badly needed.

The leverage, I think, across the country and including my District is good.

Recognizing the value of these new market tax credits in San Joaquin Valley that I represent, I introduced H.R. 2740 last year, a bill that would help spur economic development in low income communities.

I am aware of two situations that I want to bring to the attention of the Subcommittee, and I will close, that are adjacent to universities, both at Fresno State and the University of California in Merced, where no one has lived in certain Census tracts at the time of the last Census.

Now, with the new Census that is taking place, people live adjacent to these universities. There was no information on income available from the last Census that was taken in 2001. Now, there is.

There is an important student population that has taken residence adjacent to the universities. They are posed to continue development in that area to provide services to these students and to the university community.

H.R. 2740 allows the new market tax credits to apply to where Census tract information is not available or where a tract adjacent to two or more low income communities did not exist.

I would urge the consideration of this measure as a part of the larger effort that the Subcommittee will undertake. It would benefit in this case these two university communities that are important to the education of our future, both at UC Merced as well as Fresno State.

I would be prepared to answer any questions the Subcommittee might have at this time.

Chairman TIBERI. Thank you, Mr. Costa, and thank you for your information on the new markets tax credit, which has been pretty impactful in my District as well, and Mr. Neal has been a leader in the Congress on that issue.

Do we have any comments for our panelist?

[No response.]

Chairman TIBERI. All right. You guys did well. Thank you both so much. Appreciate it.

Mr. COSTA. Iowa and California.

Chairman TIBERI. There you go. King and Costa. Sounds like a ticket.

Mr. COSTA. Thank you very much.

Chairman TIBERI. Unfortunately, we have had a couple of cancellations. We have a little bit of time here. I am going to just recess. We will reconvene at the call of the Chair for our next panel.

Everyone can grab a cup of coffee or some lunch if they like, and we will just recess for a little bit.

[Recess.]

Chairman TIBERI. Since we have most of the 12:40 panel here and one crasher, maybe two crashers, we are going to go ahead and get started.

Starting on my far left, no pun intended, Mr. McDermott.

[Laughter.]

Mr. MCDERMOTT. When your Clerk brought me up here, I find I was being put on the left.

Chairman TIBERI. A distinguished member of our Ways and Means Committee will go first, Mr. McDermott from the great State of Washington.

STATEMENT OF THE HONORABLE JIM MCDERMOTT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. MCDERMOTT. Thank you, Mr. Chairman. I want to thank the Chairman and the Ranking Member, who I am sure will be here in a moment, for holding today's hearing.

Certainly, it is a critical component of our Tax Code, and making this hearing on expiring tax provisions is really in my view long overdue because businesses want to know what is going on, and a lot of people want to know.

I come to talk about two specific tax provisions that if not extended will significantly impact taxpayers and homeowners.

The first is the reduction for state and local sales tax. This provision brings tax equity to taxpayers living in states with no income tax. There are a number of them. My State of Washington is one of six states that do not have an income tax. This has been in and out of the law several times during my time in the Congress. It is time for it to be permanent, but here we are again.

Currently, taxpayers may deduct their state income taxes, but if you do not live in a state with any income tax, you lose a whole deduction.

Without a corresponding deduction, the taxpayers will shoulder most of the Federal tax program themselves. More than 800,000 Washingtonians alone would be subject to this unequal treatment if the deduction is not extended. That is true for Texas and a lot of other places, Florida, that do not have income taxes.

Last December, my colleague, Mr. Brady, and I, along with 68 bipartisan members of the House sent a letter to the Committee requesting an extension of this, and I request unanimous consent to enter this letter into the record.

[The prepared statement of The Honorable Jim McDermott follows:]

Congress of the United States
Washington, DC 20515

December 5, 2011

The Honorable Dave Camp
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Camp and Ranking Member Levin:

As members from states without an income tax, we write to encourage you to include an extension of the state and local sales tax deduction in any tax extenders package during the remaining weeks of the first session of the 112th Congress. Our objective is to provide our constituents with the same treatment afforded to residents of states with an income tax.

The sales tax deduction saves taxpayers in our states millions of dollars per year and is a vital component of our states' economies, spurring growth and creating jobs. Unfortunately, as you know, the sales tax deduction will expire at the end of 2011. If the deduction is not extended in a timely manner, our constituents will not be able to deduct their state and local sales taxes on their 2011 federal tax returns.

The sales tax deduction has enjoyed strong bipartisan support during the six years since it was enacted in its present form by the American Jobs Creation Act of 2004. It was extended by bipartisan Congresses in 2006, 2008 and 2010. Millions of middle-class families in Texas, Nevada, Florida, Washington, Tennessee, South Dakota and Wyoming will be negatively hit with a higher tax burden if Congress does not act to extend this deduction.

We strongly urge you to maintain fairness in the tax code, and to provide certainty and predictability to taxpayers by extending the sales tax deduction. We greatly appreciate your continued support on this issue and we thank you for your consideration of this request.

Sincerely,

Diane Black

[illegible] FL-2

[illegible] Carter TX31

[illegible]

[illegible]

Pete Ol[illegible] TX22

Sam [illegible]

[illegible] TX-10

[illegible]

Blake Farenthold TX27

[illegible] TX 23

[illegible] Sessions TX-32

Kay Granger TX12

Joe Barton TX6

[illegible] TX-19

Bill Flores (TX-17)

[illegible] TX-1

John Culberson TEXAS 7

Lamar Smith

Norm Dicks

Shelley Berkley

[illegible]

[illegible] TN-04

David P Roe

John J Duncan Jr

[illegible]

Allen B West FL-22

[illegible]

[illegible]

Connie Mack

[illegible] FL-01

Joe Heck

[illegible] FL4

Sheila Jackson Lee

Marsha Blackburn

[illegible] FL15

Eddie Bernice Johnson

[illegible] FL 08

[illegible]

[illegible]

Ralph M. Hall

Rick Larsen

Ron Paul

Jaime Herrera Beutler

Mr. MCDERMOTT. The second provision is the exclusion from income for mortgage debt discharge. This provision provides critical tax relief to struggling homeowners that are lucky enough to get their lender to agree to principal reduction.

In February, 49 state AGs and five major banks recently agreed to a $26 billion settlement, a portion of which will go to reducing principal. Hundreds of thousands of homeowners will get this relief, but if this exclusion is not extended, these homeowners will be hit with a tax bill on money they never received.

I introduced the Homeowner Tax Fairness Act along with my Democratic colleagues on the Committee that not only extends the exclusion but ensures that every bit of relief for our state attorney generals that has been agreed to goes to the homeowners and the Service members that need it most.

I am looking forward to working with my colleagues on the Committee to extend these provisions and the other necessary provisions that were made outside the scope of this hearing.

I sincerely hope the Committee considers every extender but not just those that were extended in 2010. To pass effective tax law that is in the best interest of this country, we ought to go back beyond 2010.

I thank the Chairman, and I yield back my time.

Chairman TIBERI. Thank you. I thank you for being here to testify. With that, we will go to our third Hawkeye today, from Iowa.

Mr. Latham. I am more known as a Cyclone, actually, but from the Hawkeye State.

Chairman TIBERI. From the Hawkeye State. Mr. Latham is recognized.

STATEMENT OF THE HONORABLE TOM LATHAM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. LATHAM. I wish to really express my appreciation to the esteemed Chairman, Mr. Tiberi, and Mr. Neal, for holding this hearing to discuss the fate of several expiring tax provisions.

I have long been a supporter of domestic energy resources as a means to support American jobs, decrease our dependency on foreign oil, and to ensure our own energy independence.

As you review the tax extenders, I would urge you to consider extending the production tax credit for wind energy. The PTC serves as an important function to help diversify our energy resources. The tax credit, which is based solely on project performance, has been a proven benefit to consumers and the nation.

Since 2005, the PTC has been the catalyst for private investment in wind energy generating over $75 billion of private investment in U.S. wind projects over the last seven years, and $13 billion this last year alone.

An extension of the PTC will provide much needed certainty for the wind industry to continue its contribution to increasing our supply of domestic energy. In the past five years, domestic manufacturing facilities have flourished, adding nearly 500 manufacturing facilities, and providing good paying manufacturing jobs to 30,000 people.

In all, the wind energy supports 75,000 jobs, some 4,000 to 5,000 in my home State of Iowa alone.

However, I fear that if the tax credit is allowed to expire, many of these jobs will be put in jeopardy, particularly in the manufacturing sector.

Companies in my home District have already indicated they are planning employee layoff's without an extension, and has predicted that 2,000 to 3,000 Iowa jobs are at risk of being lost immediately without the extension.

Investment and jobs aside, the PTC just makes sense to increase our domestic energy supply. Over the span of five years, wind energy has provided 35 percent of all new power generation in the United States, and is still growing.

Through incentives like the PTC, my home state has become a leader in the wind energy industry and generates 20 percent of the state's electric needs, powering over one million homes.

Estimates indicate the U.S. as a whole is capable of growing to Iowa's level of wind power generation by 2030, and at that level, the industry would support 500,000 jobs.

If my home state is any indication for the potential for U.S. wind energy, then I know the future for American wind energy is bright, but in order for the industry to grow to its full potential, long term certainty from Congress is necessary, and the extension of the protection tax credit will provide that certainty. It is necessary to continue that investment.

Mr. Chairman, I encourage you to consider extending the production tax credit for wind energy, and I appreciate very much the chance to testify here today.

Chairman TIBERI. Thank you. I thank the gentleman. The gentlelady from the U.S. Virgin Islands is recognized.

Ms. Christensen. Close.

STATEMENT OF THE HONORABLE DONNA CHRISTENSEN, A REPRESENTATIVE IN CONGRESS FROM THE U.S. VIRGIN ISLANDS

Ms. CHRISTENSEN. Thank you, Mr. Chairman and Ranking Member Neal, for the opportunity to present testimony in support of H.R. 4374, legislation I introduced with Resident Commissioner of Puerto Rico, Pedro Pierluisi, to extend the rum tax cover over provision for the next two years.

I would like to explain what the rum tax cover over is and what it is not. It is not a tax credit nor is it a tax benefit for businesses or individuals.

The cover over does not increase taxes nor does it decrease taxes. The tax policy behind the cover over is not temporary nor is it new.

Rather, the cover over is part of the fundamental tax relationship between the United States and its territories that goes back over 100 years, before there was even an income tax.

When the United States acquired Puerto Rico and the Virgin Islands at the turn of the last Century, Congress generally exempted these new territories from the application of the U.S. Internal Revenue laws, including Federal excise taxes on manufactured goods.

To protect domestic manufacturers from untaxed territorial manufacturers, Congress from the very beginning imposed on products manufactured in Puerto Rico and the Virgin Islands a tax that is "Equal to the Internal Revenue tax imposed in the United States upon like articles of domestic manufacture."

Thus, the tax imposed on rum manufactured in the Virgin Islands and Puerto Rico and shipped to the United States is not an ordinary excise tax. It is not intended to raise revenue for the U.S. but rather as the courts have recognized, it is an equalization tax intended to regulate commerce between the territories and the United States, and to preserve a level playing field for the mainland distillers.

Accordingly, the Act that governs the relationship between the United States, Virgin Islands and Puerto Rico provided that all of such equalization taxes be returned or covered over to the Treasuries of the respective territories.

These fundamental principles have been enforced since 1900. In 1984, Congress increased the excise tax on rum from $10.50 per proof gallon to $12.50 per proof gallon, but also provided for the first time in the history of the territorial relationship that these proceeds of the increase of the rum equalization tax would be retained by the United States.

Congress later increased the rum tax to $13.50 per proof gallon, but it was not until more than a decade later that Congress restored the cover over policy that existed for the greater part of the past Century.

In 1999, Congress increased the cap on rum tax cover back to territories of $13.25, but for budget reasons, only did it for a two year period.

The so-called ''Rum tax extender'' has been regularly and seamlessly extended ever since.

Today, the Virgin Islands Government issues bonds backed by these rum taxes to finance the construction of schools, hospitals, and other essential public works in the territory, and any funds that are not encumbered to support the general expenses of the Government and to modernize the rum industry.

In addition to maintaining the Federal territorial tax relationship, this cover over legislation is critical to the Government's efforts to resolve our fiscal crisis.

Extension of the rum cover over rate will also help to mitigate significant revenue losses associated with the closure of HOVENSA oil refinery on St. Croix, which is the largest private sector employer in the territory and one of the largest refineries in the world.

Accordingly, I strongly urge the support of the Subcommittee for the timely extension of the rum tax cover over rate, and I thank you again for the opportunity to testify.

Chairman TIBERI. Thank you for testifying today. Our colleague from Puerto Rico was here earlier testifying.

The gentleman from California is recognized.

STATEMENT OF THE HONORABLE JOHN GARAMENDI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. GARAMENDI. Mr. Chairman and Ranking Member Neal, I want to address three policies that would create economic opportunity in my District, in California, and across the nation.

First, the Federal renewable energy production tax credit. Second, extending the conservation easement incentives, and third, extending the 100 percent bonus depreciation for capital investments that are made in the United States.

First, let me take up the renewable energy production tax credit. Since its adoption in 1992, this financial incentive has provided stability in the energy market.

Over the past five years, the production tax credit has helped the wind energy sector grow at an average of 35 percent a year. Some 75,000 jobs are supported by this across the nation. In my own District, there are 4,000 to 5,000 jobs, both in my District and in California.

There should be added to the production tax credit, should it be extended, a “Make it in America” provision such as found in H.R. 487, which would require that our tax money be spent on American made equipment.

It seems to me that if we are going to provide a tax credit or a tax subsidy, we ought to provide that subsidy to American made equipment and American workers, not some foreign import.

Secondly, I would like to voice my full support for the Conservation Easement Incentive Act of 2011. This bill would permanently extend the deductions for land owners who dedicate their land to development protection through conservation easements.

I know that members of your committee, Mr. Gerlach and Mr. Thompson, have worked long and hard on this. They are on the right track. This supports farmers and ranchers staying in business and protecting our landscape, a very, very important provision.

Third, I want to voice my support for the 100 percent depreciation for capital investments that is found in your bill, Mr. Chairman. I applaud you for your wisdom and urge you to carry on and succeed.

This bill does create jobs in the United States. Again, I would suggest that you add to it, since we are using our tax money for this particular purpose or reducing taxes for this purpose, that you build into it a “Make it in America” provision, so that the provision applies more to those who are actually buying American made capital equipment, and in any case, only for capital improvements within the United States.

There you have it. The production tax credit, the conservation easements, and the 100 percent capital write-off. I urge your support of all three of them. Thank you.

Chairman TIBERI. Thank you for your testimony today. The gentlelady from Washington State.

STATEMENT OF THE HONORABLE JAIME HERRERA BEUTLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Ms. HERRERA BEUTLER. Thank you, Mr. Chairman and Ranking Member. Thank you so much for giving me the opportunity to advocate on behalf of extending the state and local sales tax deduction for the families in Southwest Washington and individuals across our state, as well as all seven states who do not have an income tax.

We all understand that folks in this economy are struggling. We often hear about fairness and about certainty for hard working taxpayers and for those job creating businesses.

I stand firmly behind both principles, which is why I have worked diligently to ensure that folks in Southwest Washington can deduct their state and local sales tax from their Federal income tax.

In fact, I am joined by colleagues on both sides of the aisle and in both bodies who believe we should permanently etch this provision into our Tax Code.

Mr. Chairman, we have the opportunity to keep millions of dollars in Washington State's economy at a time when struggling businesses in Longview, Vancouver, in Olympia and in Chehalis need it most.

We have double digit unemployment now going on three years.

This deduction allows the average family that I serve to keep $500 a year in money that they have earned. It is their money. That is a lot of groceries and a few tanks of gas. It gives the family savings account a much needed cushion. It is small but it is needed, as folks struggle to find employment and to make their mortgage payments.

Unfortunately, the folks in Southwest Washington and in these other states have become accustomed to an 11th hour extension for this common sense deduction, and I am hopeful that we can prevent that this go around.

It should be simple. Let's extend the state and local sales tax deduction for folks in Southwest Washington who have already dutifully paid their taxes, and let's work to make this a permanent solution.

I will continue to be a champion for this cause until we reach that goal. Thank you both for your time.

Chairman TIBERI. Thank you. The gentleman from Florida is recognized.

STATEMENT OF THE HONORABLE THEODORE DEUTCH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. DEUTCH. Thank you, Mr. Chairman, Mr. Ranking Member, for the opportunity to testify about the production tax credit.

You might wonder why a member from the Sunshine State cares about wind. The truth is the PTC has made it possible for wind energy to be relevant for communities all across the country, like the one I represent in South Florida.

The credit had made investments in domestic renewable energy production a cost effective venture. It should serve as a working example of how the Federal Government can be an ally to the private sector, promoting growth and creating jobs.

The $3 billion invested through the production tax credit has generated 10 to $20 billion of annual private sector investment.

With more competition, wind only gets better. Since enactment of the PTC, wind energy has become 30 percent more efficient and 30 percent cheaper.

Extending the production tax credit will continue this incredible progress and is vital to the industry's continued success.

Even as we discuss these issues, the plans for an inland wind project in my home of Palm Beach County, Florida are moving forward. This development would have been laughable a decade ago. The technology just was not there.

Once the turbines in Palm Beach County start turning, Floridians will benefit from what the breeze brings in, affordable wind energy means lower utility bills and more money in families' pockets.

I am also pleased to say the largest developer of wind energy in the country and the second largest in the world, NextEra, calls Florida home.

Wind supports over 2,000 Florida jobs and counting. It is even propelling our manufacturing sector forward with 15 Florida companies building component parts for wind.

Through the PTC, the Federal Government transformed wind energy from a green dream to a competitive reality. If we were foolish enough to abandon this initiative, the great progress we have made towards a competitive wind market will come undone.

Creation of a completely new energy sector is not easy business. Wind production often takes a year and a half to get off the ground, finding a site, navigating regulations, securing manufacturers, and completing installation. All of this must occur before a company even qualifies for the credit.

Just the possibility of the expiration of this incentive is freezing projects and costing jobs.

NextEra has not placed a single manufacturing order for 2013 because of the pending expiration.

The suspension of growth endangers 37,000 manufacturing jobs throughout America, including North Florida, home to a major turbine manufacturer.

Wind means lower cost for consumers, new jobs in every field imaginable, enhanced national security, and a healthier environment, but for the American people to reap these benefits, energy policy must be stable and continuous.

Clean domestic energy and low rates can go hand in hand. Florida Power and Light, the utility providing electricity for most of my constituents, has one of the cleanest emissions profiles in the country with rates below the national average.

The question before this Committee is whether you are willing to make the proper investments now to reap the rewards of cleaner, cheaper American energy today and for decades to come. I respectfully urge the Committee to extend the production tax credit as soon as possible, and I yield back the balance of my time.

Chairman TIBERI. Thank you. Thank you all for being here today to testify. The Ranking Member and I were just talking about the number of people today, not just at this hearing, three out of six, who brought up the production tax credit.

Anybody here care to answer this question, whether you testified on it or not? We have some colleagues who believe that the production tax credit picks winners and losers. Any comments?

The gentleman from California.

Mr. GARAMENDI. Actually, it does not. The production tax credit does pick among in this case the wind turbine industry, no winner or loser. Anyone that is capable of putting up a turbine and producing energy, the key here is actually producing energy. It is on the production that they get the credit.

It may pick winners and losers between solar, wind, nuclear and the rest, but the "all of the above" strategy would require the production tax credit to be in place for the wind industry and hopefully a similar one for the solar industry.

Chairman TIBERI. The gentleman from Florida.

Mr. DEUTCH. I would just add it has absolutely picked winners. The winners are the American people. Tens of thousands of jobs and 10 to $20 billion of private sector investment, that is a winner for the American people.

The wind industry is not asking for the production tax credit to go on indefinitely. We are at the point where the industry has been able to move to the point where it has been successful and with the extension for a limited amount of time, they will be in a position to ensure that this kind of growth can continue for the future.

Chairman TIBERI. Thank you. Mr. Latham.

Mr. LATHAM. I would just echo what my two colleagues said. It is about production. That is what you get the credit on. It is not just the wind energy. It is also, like the gentleman from Washington here mentioned, although land owners and people who get income from this very efficient today source of energy, clean, renewable, and it is something that has to continue.

The industry is looking for certainty. If there is a phase out of the credit over time where they can plan, then in fact it will work.

Right now, this cutoff is just devastating to the industry. Like I mentioned, it is going to cost—in Iowa already jobs are being terminated because of no purchase orders for next year, for the next calendar year.

It is absolutely critical that we extend this credit.

Chairman TIBERI. Mr. Neal.

Mr. NEAL. That is precisely the point, Mr. Latham, we have been making today and during these hearings.

For us what is fascinating is left, right and center, members who have testified today have put ideology aside and emphasized the success that the production tax credit has had. I think that is what is notable about this hearing.

I might just ask Ms. Beutler a question. The gentlelady testified about the sales tax deduction for Southwest Washington. Might I infer your entire——

Ms. HERRERA BEUTLER. My entire state would benefit, as would the seven other states that do not have a Federal income tax.

Mr. NEAL. I knew that is what you meant. I just wanted to get that on the record.

Ms. HERRERA BEUTLER. I am really focused on the folks at home, but Mr. Chairman, Ranking Member, can I weigh in on the production tax credit?

Chairman TIBERI. You may.

Ms. HERRERA BEUTLER. As someone who does not necessarily have a dog in this fight, I am "all of the above" when it comes to energy.

I would ask that this Committee consider, and it is going to be a little out of step with everyone sitting here, but in the Great Northwest, we have a tremendous opportunity with our hydro system.

It is a low cost form of energy that is incredibly efficient and carbonless. It is very renewable.

We have companies that have located in Southwest Washington from other nations, manufacturing jobs, high paying jobs, because of our access to affordable energy.

As we are moving forward, one of the challenges that we have had, and again, I am not anti-wind, I support wind, but because they get this credit for producing, they are forcing the issue with the Bonneville Power Administration to require that ratepayers use their energy because they only get the credit if they produce, which requires us to spill more water over dams and endanger salmon that ratepayers in our region are spending billions of dollars to protect.

I guess I say all that to say it is not a perfect system and there are unintended consequences that drive up the costs for businesses.

I mentioned the double digit unemployment, so for those seeking work in my area.

As we move forward, let's move with caution and make sure Congress does not pick winners and losers.

Chairman TIBERI. Thank you. You talk about fish. I think of Mr. Nunes when I think of this Committee and fish.

Thank you all for spending time with us today.

We have most of the panelists from our last but not least panel. I would ask Mr. Pompeo, Mr. Blumenauer, Mr. Reed, Mr. Boren, and Mr. Reichert to come up.

I thank the five of you for being so punctual. We are running a little bit behind. We have plenty of time since you are the last panel.

I will start to my far left, Mr. Reed, the gentleman from New York, and our distinguished member of the Committee, is recognized to testify.

STATEMENT OF THE HONORABLE TOM REED, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. REED. Thank you very much, Mr. Chairman and Ranking Member Neal. Thank you for allowing me the opportunity to testify today.

I would like to briefly discuss four provisions important to both New York's 29th Congressional District and New York State overall.

First is H.R. 4336, a bill I introduced with several other Committee members. It is a straight one year extension of a tax relief provision which ensures that when lenders forgive a portion of a borrower's mortgage obligation, the homeowner is not required to pay tax on the amount of the forgiven debt.

If this extension is not enacted, homeowners who are in short sales or foreclosures, and even those who are able to restructure existing loans and keep their homes, will be required to pay income tax on cash which they never actually had.

Unfortunately, the housing crisis persists. This relief, which passed initially on a vote of 386–27, is still needed.

I would also like to speak in support of H.R. 3087, the Motor Sports Fairness and Permanency Act, which makes permanent the classification of motor sports complexes as one single asset. Motor sports tracks, small and large, have used the present system of depreciation for decades.

Congress codified the policy that made this classification clear and permanent as part of the American Jobs Creation Act of 2004.

The policy was made temporary by the House and Senate Conference Committee on that bill, but it was always intended to be permanent.

The importance of the annual NASCAR Race at Watkins Glen, New York, in my District to my constituents cannot be understated. It is the economic equivalent of the Super Bowl for us.

However, this provision has been mischaracterized as a tax break for NASCAR. In fact, NASCAR tracks account for only a small fraction in the motor sports tracks around the country affected by this provision.

These tracks exist in every state, in most of our Districts, and conduct motorcycle races, dirt track races, and more. They are mostly in small rural communities and support fans that support the local economy, sustain local jobs, and fill the diners and hotels throughout the area.

Uncertain tax treatment for motor sports facilities threatens jobs.

I also wish to comment on the CFC look through. I am a co-sponsor of H.R. 2735, the bipartisan bill introduced by Mr. Boustany and Mr. Kind to make this provision permanent.

Look through merits inclusion in any extenders package. It helps our economy by leveling the playing field for U.S. companies operating abroad.

The final provision I want to speak on is the active financing exception under Subpart F or the AFE Rule. This provision simply extends to financial services companies the same deferral rule that applies to manufacturers with respect to active income earned in foreign markets.

Equal treatment for financial services income should be a normative principle we follow on a permanent basis in any tax system, whether it be worldwide or territorial.

I am proud to be a co-sponsor of legislation introduced by Chairman Tiberi and Ranking Member Neal to make the AFE Rule permanent.

Again, Mr. Chairman, thank you for the opportunity to testify today, and I look forward to any thoughts or questions you may have.

Chairman TIBERI. Thank you for your testimony.

The gentleman from Kansas is recognized to testify.

STATEMENT OF THE HONORABLE MIKE POMPEO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS

Mr. POMPEO. Thank you, Chairman Tiberi, thank you, Ranking Member Neal, for giving me this opportunity today.

You know, in preparing this testimony, I looked at the list of credits that you had and the enormous scope and span reminds us all about the importance of tax reform.

I want to applaud you all and Chairman Camp for efforts to get rid of particular tax credits and deductions and flatten our Tax Code.

I have echoed this sympathy in a piece of legislation that Chairman Camp is pursuing related to energy tax credits in particular.

I think it is consistent with a vision of a fair and simpler Tax Code that aims to stop picking winners and losers in the energy marketplace.

I would argue that one of the most if not the most egregious example of our Tax Code failures lies in these energy tax credits.

You all have a big challenge. My Energy Freedom and Prosperity Act gets rid of every energy tax credit in the entire Federal Internal Revenue Code. It is industry neutral. It impacts natural gas and oil tax credits. It impacts the entire panoply.

The savings are small, but any savings that are generated as a result of that to the Federal Treasury go to lowering tax rates, the perfect model both for good energy policy and tax reform.

I think it is common sense and it is being actively supported by small Government conservative organizations like Americans for Tax Reform, the National Taxpayers Union, Heritage Action, the Club for Growth, Freedom Actions, Americans for Prosperity, and many others.

They understand that trying to solve energy problems through our Tax Code is the wrong approach.

We saw that not in the Tax Code, but in the Committee I sit on, we saw when you try to pick a particular winner, the negative outcomes that can happen for taxpayers.

I have heard comments today on the wind production tax credit in particular. It is of great interest. I know it expires at the end of this year.

I do not predict the doom and gloom for the wind energy that these folks speak of. I actually have more faith in the wind folks. I am incredibly pro-wind. I think it will work.

We saw what happened when the ethanol tax credit expired at the end of last year. We still have very successful ethanol projects moving forward all across the country in spite of the fact that the industry said without it, we will vanish.

I think the same good things will happen because the wind energy folks are so innovative, creative and talented.

I know it is the tradition in this Committee and the Congress to treat the Tax Code as a base of support for specific industries.

No one knows wind like someone from the Kansas 4th Congressional District. We have both the manufacturing side and the production side of the wind energy industry present in my District.

When I think about job creation, I do not think about things like temporary stimulus programs. I think they fail. I see these series of tax credits for the energy industry much as various stimulus programs are, they are temporary, they are constantly up for renewal.

Industry will tell you I just need one more year, and then one year later be back saying I need two or four or six additional years.

Eventually, these companies have to take the training wheels off. These industries have to go compete and provide affordable energy for American citizens.

I am confident they will, and if we stop trying to use our Tax Code to pick one against another, we will get a lot further down that road, and we will be much closer to solving the nation's deficit problems that we face today.

I thank you for the time this morning.

Chairman TIBERI. I thank the gentleman for his testimony.

The gentleman from Oregon is recognized.

STATEMENT OF THE HONORABLE EARL BLUMENAUER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. BLUMENAUER. Thank you, Mr. Chairman, Ranking Member Neal. I appreciate this opportunity. You have been hearing from a variety of folks.

I respect my colleague from Kansas. I think there is some significant differences. Ethanol, for example, had benefitted from years and years and years of massive subsidy, which has also been lavished on other sources of energy production.

What we are talking about here with wind and other renewables is allowing them to get the same foothold.

There is a reason for the production tax credit and why it has been extended seven times since 1992. I will be submitting a letter from some of my Democratic colleagues, but I would note strong bipartisan support, and pleased to be a co-sponsor with my friend from Seattle, Mr. Reichert.

We spend billions of dollars abroad every year to fuel our economy. That is the tip of the iceberg in terms of billions more spent protecting the oil supply militarily.

Being able to invest in the PTC is a much better investment to unlock a nearly unlimited source of domestic energy while supporting a market that is projected to grow to more than $2 trillion by 2020.

We are starting to get some market based orientation, a number of states not only have utility scale wind projects, they have utility frameworks like Kansas that require renewable energy to be purchased.

I have never heard the wind energy people say give me just one year. What they are looking for is certainty and a glide path to sustainability.

Every conversation I have had with the industry for the years I have been in Congress talks about giving them a framework, giving them a path that is sustainable over time, and not giving them this Russian Roulette.

We are already seeing contraction in the industry because of uncertainty going forward. It is absolutely essential that we give some certainty for the investment, to provide the ability to come to scale and reduce costs.

We have seen significant progress in this area, and I think with your help, a little certainty, we can do more in the future.

It levels the playing field for other sources of energy that have received far more in the past, most of which continue to get it now, even past when they need it.

It gives the private sector the confidence it needs to continue investing in renewables.

I am looking forward to working with this Subcommittee, with our committee, on the hard task of reform of the tax system. It is not going to be easy, but it is not about picking winners and losers, it is about being able to discern where it makes sense and where it does not.

The production tax credit, I think, is one area that makes sense. It will for the foreseeable future, but it does not need to be permanent and in fact, should not be, but it should not be pushed off the cliff this year.

Thank you. I appreciate the chance to testify and would welcome comments or questions later.

Chairman TIBERI. I thank the gentleman from our committee as well who just got appointed to the Transportation Conference Committee. Congratulations.

Mr. BLUMENAUER. Thank you.

Chairman TIBERI. The gentleman from Oklahoma is recognized.

STATEMENT OF THE HONORABLE DAN BOREN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. BOREN. Thank you, Mr. Chairman, thank you, Ranking Member Neal, for giving me this opportunity to speak with you all about the extension of two tax measures, credits for the renewable energy production and for businesses on former Indian lands.

H.R. 1039 is a bill to permanently extend the Indian employment tax credit in the depreciation rule for property on former Indian lands.

Because of Oklahoma's Native American heritage, two-thirds of the state and my entire District qualifies for a tax incentive for businesses located on former Indian lands.

With Tribal unemployment rates soaring to 80 percent in some regions, this tax credit is especially important because it encourages businesses to employ Native Americans.

It also encourages businesses to increase wages, helping to fight the Native American poverty rate, which is at about 26 percent, over double that of non-Natives.

This tax credit is absolutely vital to the continued growth and development of Tribal communities. It has the support of the entire Oklahoma Delegation, and I wholeheartedly ask for your deepest consideration of its extension.

Another very important issue at the top of America's agenda is energy independence. As an outspoken critic of our nation's dependence on foreign oil, I ask for an extension of the renewable energy production tax credit.

This bill has 93 bipartisan co-sponsors ranging from Mr. Markey as the Ranking Member of the Natural Resources Committee, to a fellow oil and gas supporter, like me, Mr. Young.

In short, whether we agree on energy policy or not, this tax credit is widely accepted as a positive step toward a self-sustaining energy infrastructure.

This five year extension is a proven way to keep electricity prices low, using clean domestic sources of energy.

We must extend and stabilize this tax credit to ensure continued investment and encourage further research in this important field.

Again, thank you very much for allowing me to speak today on these two credits, and I would be happy to answer any questions. Thank you.

Chairman TIBERI. I thank the gentleman for his testimony.

Last but not least, the distinguished member of this panel, the gentleman from Washington is recognized.

STATEMENT OF THE HONORABLE DAVID REICHERT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. REICHERT. Thank you, Chairman Tiberi and Ranking Member Neal, and Mr. Paulsen. Thank you for the opportunity to testify today.

I am proud to be a part of the ongoing effort and work that our committee, the Ways and Means Committee, is doing on comprehensive tax reform, both in the corporate world and in the individual tax reform world, so that American businesses can better compete in the global economy, and American families can keep more of their hard earned money.

Today's review of tax extenders is critical to tax reform, as you all know, and I appreciate the chance to offer my suggestions today on how this tax extenders package might be put together and formed for our committee and the country that we serve.

As a representative from Washington State, no statement on taxes can begin without reminding you of a tax incentive that affects every single taxpayer, Mr. Neal, in the State of Washington, not just in Southwestern Washington, as you mentioned earlier.

Mr. NEAL. Would the gentleman yield? I am glad you picked up on that. I was concerned.

[Laughter.]

Mr. REICHERT. I am sure she meant the entire state also. The state sales tax deduction is so critical to that handful of states across our country that has the state sales tax versus the state income tax.

For us, it is a matter of fairness. Those states that have the income tax, of course, that law is in law. They do not have to ask for a tax extender. This is an important and critical thing for our taxpayers in Washington State to have equality and fairness really across the board and across this country.

It would really be a tremendous tax relief for our citizens. I urge your consideration.

I encourage the Committee to consider two other tax extenders, one would leverage maximum private sector capital, and the other that I would like to talk about would also create jobs and sustain American jobs.

Two tax extenders. One is the production tax credit that has been talked a lot about today. It has leveraged $15 billion in private sector capital in the wind industry alone.

It includes wind, hydro, geothermal, landfill waste, biomass, so it is not just about wind, but it has all those other components to it.

That is nearly 12 times the revenue estimated for the bill, $15 billion, 12 times the revenue estimate.

The investment supports an increasing number of manufacturing jobs, not to mention the services jobs, that design and finance these capital intensive energy projects.

It puts Americans to work, lowering energy costs for other Americans, and is worthy of an extension as has been said many times today.

I am pleased there is such strong support in Congress and in the Ways and Means Committee for extending the production tax credit. That includes a majority of the members on this Subcommittee, 14 members of the Full Committee, and 95 Members of Congress representing 32 states who have co-sponsored the bill I introduced with Mr. Blumenauer.

An estimated 37,000 American jobs are at risk if the PTC is not extended. If Congress is truly committed to pursuing the "all of the above" energy policy and bringing needed certainty to the economy for job creators, extending the PTC can achieve both.

I am pleased to submit a letter from several House Republicans who agree.

[The prepared statement of The Honorable Dave Reichert follows:]

TESTIMONY OF THE HONORABLE DAVE REICHERT (WA-8)
U.S. Representative – Eighth District, Washington Member,
U.S. House Committee on Ways and Means

U.S. House Committee on Ways and Means
Subcommittee on Select Revenue Measures

Hearing on "Certain Expiring Tax Provisions"

Thursday, April 26, 2012

1100 Longworth House Office Building
Washington, DC

Chairman Tiberi, Ranking Member Neal, and Members of the Subcommittee –

Thank you for the opportunity to testify today. I applaud your leadership in advancing comprehensive tax reform, and I am proud to be a part of the ongoing work that the Ways and Means Committee is doing to assess various reform options and chart a path to a simpler tax code that ensures American businesses can compete in the global economy and American families can retain more of their hard-earned money.

Today's review of many expired or expiring tax provisions is an essential component of the drive toward tax reform. You can add my voice to the bipartisan chorus acknowledging that our tax code is far too complex, and I believe this Committee must continue to eliminate wasteful, ineffective tax provisions. But we must also acknowledge that there is a role for certain business and individual tax incentives to play both as a bridge to tax reform and as a continued catalyst for job creation and economic recovery. I appreciate the chance to offer my suggestions for key tax provisions that should be extended.

As a Representative from Washington State, no discussion about tax policy can begin without mentioning a provision that affects every single taxpayer in our state – the ***state and local sales tax deduction***. It is simply a matter of fairness for Washington and other states without a state income tax to extend this vital deduction. Our taxpayers deserve the same certainty and predictability in the ability to deduct these local taxes as residents of every other state. I will continue to fight to extend and make permanent this essential tax relief for my state, as I have sought every year since I came to Congress.

In reviewing 'tax extenders,' I encourage the Committee to prioritize consideration of those tax provisions that 1) leverage the maximum private sector capital and 2) have the greatest demonstrated potential to create and sustain American jobs.

Business Extenders That Leverage Private Capital and Create Jobs

I know many Members will join me in expressing support for long-standing, 'traditional' incentives like the ***research tax credit*** that help American businesses innovate and grow. But I want to emphasize today two extensions of current tax law that I authored that have a demonstrated ability to leverage private capital and create jobs: the ***renewable energy production tax credit (H.R. 3307)*** and the ***five-year holding period for built-in gains for small businesses organized as S corporations (H.R. 1478)***.

In the past six years, the ***production tax credit (PTC)*** leveraged billions of dollars of private investment in American manufacturing – $60 billion in the wind industry alone, where the credit has successfully grown our domestic manufacturing capabilities from 25% of turbine value to over 60% in the same time frame. Studies suggest that the PTC leveraged $15.5 billion in private capital in the wind industry annually since 2005, nearly 12 times the Joint Committee on Taxation's revenue estimate for the PTC. And that figure does not even account for the

investment that the PTC spurs in other qualifying renewable resources, including hydropower, geothermal, biomass, and landfill waste projects.

The production tax credit also has a proven record of creating and sustaining American jobs. It not only supports an increasing number of domestic manufacturing jobs, but it also supports the services sector jobs that design and finance these capital-intensive energy projects. I believe a tax incentive that serves the dual purpose of putting Americans to work lowering energy costs for other American families and businesses is worthy of extension.

Given the significant time, labor, and capital involved in bringing these energy projects online, a strong case can be made for the urgent need to extend the production tax credit in the next available tax vehicle in order to stave off the dire economic consequences of its looming expiration. A recent Navigant Consulting study indicates that the failure to extend the PTC would put 37,000 American jobs in the wind industry at risk. I have heard from countless manufacturers, utilities, and developers how the uncertainty over whether the PTC will be extended is already causing lay-offs, project delays, and cancellations. With energy prices volatile and economic recovery fragile, now is not the time to freeze job-creating, private investment in a key sector.

I am pleased that there is such strong, bipartisan support in Congress and in the Ways and Means Committee for extending the production tax credit, including a majority of the members of the Subcommittee on Select Revenue Measures, 14 members of the full Committee, and the 95 Members of Congress representing 32 states who have cosponsored the legislation I introduced with Ways and Means colleague Earl Blumenauer (D-OR). Included in my testimony is a letter signed by House Republicans who also believe that an extension of the PTC is consistent with seeking "all of the above" energy solutions and bringing needed policy certainty for American workers, industries, and investors.

Moving forward, how the Committee addresses an extension of the PTC can have a significant impact on the path to tax reform. I am encouraged that the wind industry is already contemplating how it might transition off of the PTC as the industry matures; this kind of advanced thinking is needed more broadly in our ongoing deliberations about tax reform. Both congressional Republicans and President Obama have called for an "all of the above" energy policy strategy, and tax policy is an integral – if not foundational – component of any strategy to lower energy costs for American families and businesses, diversify our nation's energy supply, and move toward energy independence. In taking up energy tax reform, the Committee should continue to consider how tax policy intersects with our nation's natural and renewable energy resources, the issues of energy transmission and storage, and increasing energy efficiency in homes, buildings, and vehicles.

The reduced ***five-year holding period for built-in gains in small businesses organized as S corporations*** is another tax provision that leverages private capital and creates American jobs. This common sense measure that I authored as part of a broader package with Congressman Ron Kind (D-WI) enables S corporations to access their own capital sooner. An April 2011 study

by Dr. Robert Carroll (Ernst &Young) found that businesses organized as flow-through entities account for more than half of all private sector jobs in the United States, and 56% in Washington State. One out of every four of these workers is employed by an S corporation.

Enabling scores of these businesses to continue unlocking their own capital sooner is one of many actions Congress can take to help small businesses access the resources needed to grow their businesses and create jobs. The holding period for built-in gains reverted to 10 years with the expiration of this provision in 2011 – meaning that if Congress fails to act, businesses that converted to S corporation status must wait a decade to access their own capital or face a punitive tax.

I am grateful that Subcommittee Chairman Tiberi cosponsored my *S Corporation Modernization Act*, and I would also like to submit for the hearing record a letter from 13 organizations representing millions of small businesses across America who support an extension of this provision.

Individual Extenders that Leverage Private Capital and Invest in Communities

Just as I urge the Committee to consider business tax extenders that leverage private capital, so too should the Committee consider individual tax extenders that do the same for the broad benefit of communities. Tax incentives that encourage investment in education and philanthropy merit strong support.

I am proud to champion an extension of the ***deduction for educators' out-of-pocket classroom expenses*** (H.R. 1738), a long-standing, bipartisan priority for this Committee that was previously sponsored by now-Chairman Dave Camp (R-MI) and currently enjoys the support of 98 Members of Congress, 10 of whom serve on the Ways and Means Committee.

Strong public education depends in part on equipping teachers with adequate resources to help students succeed. According to 2006 data from the National Education Association (NEA), educators spent an average of $477 out of their own paychecks just to purchase basic classroom supplies like books, pencils, and paper. The National School Supply and Equipment Association released data from the 2009-2010 school year demonstrating that public school teachers spent more than $1.3 billion out-of-pocket on classroom materials. Ninety-two percent of teachers polled reported that they had spent some of their own money on classroom materials.

These educators are demonstrating such a commitment to investing in their students that they are reaching into their own pocketbooks to provide classroom materials and further their own professional development. Extending the deduction for out-of-pocket classroom expenses has a leveraging effect by recognizing and encouraging the continued personal financial investment these educators are making in their students. I am pleased to include with my testimony a statement from the 3.2 million members of the NEA in support of my bill.

Similarly, I strongly support ***tax policy that encourages charitable giving***. Congressman John Larson (D-CT) and I have worked closely together to support the philanthropic efforts of public charities and private foundations. Especially in these difficult economic times, charities and foundations play an increasingly important role in providing basic services for children, families, and others struggling to make ends meet. I have seen firsthand the impact that philanthropic organizations like Northwest Harvest, the College Success Foundation, Habitat for Humanity, the United Way of King County, the Gates Foundation, and the Newman's Own Foundation are making in underserved communities in Washington State and across the country. The Committee should remain mindful of the role that tax policy can play in leveraging charitable giving to organizations that do so much good for those in need.

In closing, I commend the Subcommittee for holding this hearing and providing members on and off of the Ways and Means Committee with the opportunity to share their views on expired or expiring tax provisions. I am eager to continue working closely with my Committee colleagues on both sides of the aisle to review and advance 'tax extenders' that leverage private capital and create jobs as we make further progress toward comprehensive tax reform.

DAVE REICHERT

Member of Congress
Eighth District, Washington

Congress of the United States
Washington, DC 20515

April 26, 2012

The Honorable Pat Tiberi
Chairman
U.S. House Ways and Means Subcommittee on Select Revenue Measures
106 Cannon House Office Building
Washington, DC 20515

Dear Chairman Tiberi:

As fellow members of the House Republican Conference, we applaud your ongoing efforts to advance comprehensive tax reform and your careful review of many expired or expiring tax provisions as a component of the drive for reform. As your Subcommittee on Select Revenue Measures considers extending certain tax provisions and eliminating others, we urge you to ensure that the renewable energy production tax credit (PTC) is extended while Congress works to achieve comprehensive tax reform.

The production tax credit, first enacted in 1992 and extended seven times under both Republican and Democratic Congresses, enjoys broad support across regions and the political spectrum. In the past six years, the production tax credit has helped nascent energy industries mature, supported hundreds of manufacturing facilities located in nearly every U.S. state, and leveraged billions of dollars in private investment – $60 billion in the wind industry alone, where the credit has successfully grown our domestic manufacturing capabilities from 25% of turbine value to over 60% in the same time frame. The production tax credit is essential to supporting thousands of American manufacturing and services jobs and to reducing American businesses' and families' electricity bills. And unlike federal spending programs that enable politicians and agency bureaucrats to pick winners and losers, the production tax credit can only be claimed by fulfilling its intended purpose – producing American-made energy.

As a Conference, we have time and again committed to "all of the above" energy solutions and to delivering job creators needed certainty in federal policies and regulations. Extending the renewable energy production tax credit would enable us to demonstrate House Republicans' continued efforts to achieve both objectives. Nowhere is policy and regulatory certainty more important than in capital-intensive industries that require substantial financing to bring facilities online.

Furthermore, the failure to extend the production tax credit could have a dire immediate and long-term impact on American jobs and our country's energy supply. The production tax credit for wind is set to expire at the end of this year and for other renewable resources in 2013, and the economic impact of the looming expiration is already being felt nationwide. Unlike other tax provisions, where late, lapsed, or retroactive extensions may be little more than an inconvenience, delays in extending the production tax credit are particularly devastating – when the credit lapsed for several months in 2002 and 2004, wind project installations plunged 73% and 77%, respectively. Given that the industry's manufacturing base has more than doubled since 2004, the failure to extend the production tax credit puts far more American jobs at risk today. With energy prices volatile and economic recovery fragile at best, now is not the time to let history repeat itself and freeze private investment in industries that put Americans to work lowering electricity costs for other Americans.

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As your Subcommittee evaluates tax 'extenders' in the context of comprehensive tax reform, we urge you to consider the economic impact of extending the production tax credit while working toward tax reform and to include an extension in the next available tax legislation.

Sincerely,

DAVE REICHERT
Member of Congress

CHARLES BOUSTANY
Member of Congress

JIM GERLACH
Member of Congress

CHARLIE BASS
Member of Congress

TOM COLE
Member of Congress

RICK CRAWFORD
Member of Congress

ROBERT DOLD
Member of Congress

MICHAEL FITZPATRICK
Member of Congress

TIMOTHY JOHNSON
Member of Congress

STEVE KING
Member of Congress

TOM LATHAM
Member of Congress

FRANK LUCAS
Member of Congress

KRISTI NOEM
Member of Congress

TODD PLATTS
Member of Congress

JIM RENACCI
Member of Congress

JON RUNYAN
Member of Congress

April 26, 2012

Extend the 5-Year Holding Period for Built-In Gains

Dear Members of the House Ways and Means Committee:

As representatives of America's small and closely-held businesses, we respectfully encourage you to extend the 5-year holding period for built-in gains, a key provision of the bipartisan *S Corporation Modernization Act* (HR 1478) introduced by Ways and Means Committee members Dave Reichert (R-WA) and Ron Kind (D-WI).

Small businesses are the engine of America's economic growth and S corporations are the cornerstone of the small business community. There are nearly 4.5 million S corporations nationwide. They are in every community and every industry. A recent study by Dr. Robert Carroll (Ernst & Young) found that S corporations are a significant source of jobs as well, employing one out of every four private sector workers.

Unlike public companies, these closely-held businesses have little or no access to the public capital markets. They rely on banks, they rely on relatives, and they rely on their own assets for investment and working capital. An overly long built-in gains tax exacerbates this disadvantage by preventing converted S corporations from putting the capital they already control to better use.

S corporations should not be blocked from accessing their own capital; these are critical resources that allow private companies to grow their businesses, create jobs, and remain competitive.

On behalf of America's Main Street business community, we respectfully ask that you extend the 5-year holding period for built-in gains.

Thank you for your consideration.

Sincerely,

American Council of Engineering Companies
Associated Builders and Contractors, Inc.
Independent Community Bankers of America
National Beer Wholesalers Association
National Federation of Independent Business
National Funeral Directors Association
National Small Business Association
Printing Industries of America
Professional Beauty Association
Roofing Contractors Association
S Corporation Association
U.S. Chamber of Commerce
Wine and Spirits Wholesalers of America

Great Public Schools for Every Student

Testimony Submitted for the Record
U.S. House of Representatives Committee on Ways and Means
Subcommittee on Select Revenue Measures

Hearing on Certain Expiring Tax Provisions
April 26, 2012

Chairman Tiberi and Members of the Subcommittee. On behalf of the 3.2 million members of the National Education Association (NEA), we thank you for the opportunity to submit these comments for the record in conjunction with the hearing on certain expiring tax provisions. These comments focus on two specific expiring tax policies – the educator tax deduction and the Qualified Zone Academy Bond (QZAB) program.

Extend the Educator Tax Deduction

NEA strongly supports an extension of the educator tax deduction. This critical deduction, which expired at the end of the 2011 tax year, helps recognize the financial sacrifices made by teachers and education support professionals.

Educators often reach into their own pockets to purchase classroom supplies because they want to make sure students have what they need to succeed. Studies show that educators are spending more of their own funds each year to supply their classrooms and purchase essential items such as pencils, glue, scissors, and facial tissues. According to NEA's most recent survey, 97 percent of educators surveyed indicated that, in 2006, they had spent some of their own money to meet the needs of their students. These educators spent an average of $477 a year out of their own pockets to purchase classroom supplies such as books, pencils, paper, and art supplies.[1]

Many educators are finding the need to reach into their own pocket has increased in these difficult economic times, as funding cuts lead to shortages in essential supplies and more students come to school without basic learning tools. A large majority of educators also spend an average of $15 a month out of their own pockets to feed students. (*Status of the American Public School Teacher 2005-2006*, March 2010.)[2]

The need for these expenditures is not surprising. According to First Focus:

- 2.7 million more children lived with an unemployed parent during a typical month in 2011, compared to 2007 (an increase of 71%), bringing the 2011 total to 6.5 million children;
- 3 million (47% of those living with an unemployed parent) lived, during a typical 2011 month, with a parent unemployed six months or longer;
- 8 million more additional children relied upon SNAP for food in 2011, compared to 2007, bringing the total number of children receiving SNAP to 21 million (one in four);
- 16 million children (more than one in five) currently live in poverty[3]

The educator tax deduction is a bipartisan recognition of educators' financial sacrifices as well as of the needs of students who lack even the basic necessities for success in school. Extending it will make a real difference for many educators, who often must sacrifice other personal needs in order to pay for classroom supplies and instructional materials.

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[1] National Education Association, *Status of the American Public School Teacher 2005–2006*, March 2010.
[2] Ibid.
[3] *The Recession's Ongoing Impact on America's Children: Indicators of Children's Economic Well-Being Through 2011*, Julia Isaacs, Brookings Institution, December 2011.

Expand the Educator Tax Deduction
We also strongly support the Teacher Tax Relief Act (H.R. 1738), introduced by Representative Reichert (R-WA). This bill would expand the educator deduction to cover professional development expenses, increase it from $250 to $500, and make the deduction permanent. Teacher quality is the single most critical factor in maximizing student achievement. Ongoing professional development is essential to ensure that educators stay up-to-date on the skills and knowledge necessary to prepare students for the challenges of the 21st century. Expanding the deduction to cover professional development expenses would make a critical difference in helping educators access quality training.

Extend the QZAB Program
NEA also supports extension of the Qualified Zone Academy Bonds program. On average, the buildings that house our public schools are more than 40 years old.[4] The American Society of Civil Engineers gives the condition of our schools a grade of "D" and attributes the failure to upgrade them to "problems in the financial sector and declining revenues for states and local governments."[5] According to Fix America's Schools Today (FAST!), a project of the Economic Policy Institute and the 21st Century School Fund schools need an estimated $500 billion in repairs and upgrades.

The QZAB program has proven to be an efficient and cost-effective way to help disadvantaged communities address pressing renovation and repair needs. QZABs assist school districts in rural and urban communities by providing a financing mechanism to renovate buildings and invest in equipment and technology. Investors receive a federal tax credit equal to the amount of interest payable on the bonds, thereby relieving local taxpayers and municipalities of the interest burden.

A school that is awarded a QZAB may use the funds to:

- renovate and repair buildings;
- invest in equipment and up-to-date technology;
- develop challenging curricula; or
- train quality teachers.

The QZAB program expired at the end of the 2011 tax year. We urge Congress to extend this critical program.

Thank you for your consideration of these comments.

Submitted on behalf of:

The National Education Association
1201 16th Street, NW
Washington, DC 20036
202-822-7300
202-822-7309 (fax)

[4] *National Center for Education Statistics*
[5] *Report Card for America's Infrastructure, 2009*

Mr. REICHERT. A second bipartisan extender I introduced with Mr. Kind from Wisconsin is the reduced holding period for built in gains. Simply put, this common sense bill enables S corporations to access their own capital sooner.

Fifty-six percent of the private sector jobs in Washington State are in small businesses across this country. We all hear from these businesses in our districts. They are struggling to access capital.

My bill is an easy way to help them do just that.

I would also like to submit a letter from 13 organizations representing millions of small businesses across America who support this provision.

[The prepared statement of The Honorable Dave Reichert follows:]

TESTIMONY OF THE HONORABLE DAVE REICHERT (WA-8)
U.S. Representative – Eighth District, Washington Member,
U.S. House Committee on Ways and Means

U.S. House Committee on Ways and Means
Subcommittee on Select Revenue Measures

Hearing on "Certain Expiring Tax Provisions"

Thursday, April 26, 2012

1100 Longworth House Office Building
Washington, DC

Chairman Tiberi, Ranking Member Neal, and Members of the Subcommittee –

Thank you for the opportunity to testify today. I applaud your leadership in advancing comprehensive tax reform, and I am proud to be a part of the ongoing work that the Ways and Means Committee is doing to assess various reform options and chart a path to a simpler tax code that ensures American businesses can compete in the global economy and American families can retain more of their hard-earned money.

Today's review of many expired or expiring tax provisions is an essential component of the drive toward tax reform. You can add my voice to the bipartisan chorus acknowledging that our tax code is far too complex, and I believe this Committee must continue to eliminate wasteful, ineffective tax provisions. But we must also acknowledge that there is a role for certain business and individual tax incentives to play both as a bridge to tax reform and as a continued catalyst for job creation and economic recovery. I appreciate the chance to offer my suggestions for key tax provisions that should be extended.

As a Representative from Washington State, no discussion about tax policy can begin without mentioning a provision that affects every single taxpayer in our state – the ***state and local sales tax deduction***. It is simply a matter of fairness for Washington and other states without a state income tax to extend this vital deduction. Our taxpayers deserve the same certainty and predictability in the ability to deduct these local taxes as residents of every other state. I will continue to fight to extend and make permanent this essential tax relief for my state, as I have sought every year since I came to Congress.

In reviewing 'tax extenders,' I encourage the Committee to prioritize consideration of those tax provisions that 1) leverage the maximum private sector capital and 2) have the greatest demonstrated potential to create and sustain American jobs.

Business Extenders That Leverage Private Capital and Create Jobs

I know many Members will join me in expressing support for long-standing, 'traditional' incentives like the ***research tax credit*** that help American businesses innovate and grow. But I want to emphasize today two extensions of current tax law that I authored that have a demonstrated ability to leverage private capital and create jobs: the ***renewable energy production tax credit (H.R. 3307)*** and the ***five-year holding period for built-in gains for small businesses organized as S corporations (H.R. 1478)***.

In the past six years, the ***production tax credit (PTC)*** leveraged billions of dollars of private investment in American manufacturing – $60 billion in the wind industry alone, where the credit has successfully grown our domestic manufacturing capabilities from 25% of turbine value to over 60% in the same time frame. Studies suggest that the PTC leveraged $15.5 billion in private capital in the wind industry annually since 2005, nearly 12 times the Joint Committee on Taxation's revenue estimate for the PTC. And that figure does not even account for the

investment that the PTC spurs in other qualifying renewable resources, including hydropower, geothermal, biomass, and landfill waste projects.

The production tax credit also has a proven record of creating and sustaining American jobs. It not only supports an increasing number of domestic manufacturing jobs, but it also supports the services sector jobs that design and finance these capital-intensive energy projects. I believe a tax incentive that serves the dual purpose of putting Americans to work lowering energy costs for other American families and businesses is worthy of extension.

Given the significant time, labor, and capital involved in bringing these energy projects online, a strong case can be made for the urgent need to extend the production tax credit in the next available tax vehicle in order to stave off the dire economic consequences of its looming expiration. A recent Navigant Consulting study indicates that the failure to extend the PTC would put 37,000 American jobs in the wind industry at risk. I have heard from countless manufacturers, utilities, and developers how the uncertainty over whether the PTC will be extended is already causing lay-offs, project delays, and cancellations. With energy prices volatile and economic recovery fragile, now is not the time to freeze job-creating, private investment in a key sector.

I am pleased that there is such strong, bipartisan support in Congress and in the Ways and Means Committee for extending the production tax credit, including a majority of the members of the Subcommittee on Select Revenue Measures, 14 members of the full Committee, and the 95 Members of Congress representing 32 states who have cosponsored the legislation I introduced with Ways and Means colleague Earl Blumenauer (D-OR). Included in my testimony is a letter signed by House Republicans who also believe that an extension of the PTC is consistent with seeking "all of the above" energy solutions and bringing needed policy certainty for American workers, industries, and investors.

Moving forward, how the Committee addresses an extension of the PTC can have a significant impact on the path to tax reform. I am encouraged that the wind industry is already contemplating how it might transition off of the PTC as the industry matures; this kind of advanced thinking is needed more broadly in our ongoing deliberations about tax reform. Both congressional Republicans and President Obama have called for an "all of the above" energy policy strategy, and tax policy is an integral – if not foundational – component of any strategy to lower energy costs for American families and businesses, diversify our nation's energy supply, and move toward energy independence. In taking up energy tax reform, the Committee should continue to consider how tax policy intersects with our nation's natural and renewable energy resources, the issues of energy transmission and storage, and increasing energy efficiency in homes, buildings, and vehicles.

The reduced ***five-year holding period for built-in gains in small businesses organized as S corporations*** is another tax provision that leverages private capital and creates American jobs. This common sense measure that I authored as part of a broader package with Congressman Ron Kind (D-WI) enables S corporations to access their own capital sooner. An April 2011 study

by Dr. Robert Carroll (Ernst &Young) found that businesses organized as flow-through entities account for more than half of all private sector jobs in the United States, and 56% in Washington State. One out of every four of these workers is employed by an S corporation.

Enabling scores of these businesses to continue unlocking their own capital sooner is one of many actions Congress can take to help small businesses access the resources needed to grow their businesses and create jobs. The holding period for built-in gains reverted to 10 years with the expiration of this provision in 2011 – meaning that if Congress fails to act, businesses that converted to S corporation status must wait a decade to access their own capital or face a punitive tax.

I am grateful that Subcommittee Chairman Tiberi cosponsored my *S Corporation Modernization Act*, and I would also like to submit for the hearing record a letter from 13 organizations representing millions of small businesses across America who support an extension of this provision.

Individual Extenders that Leverage Private Capital and Invest in Communities

Just as I urge the Committee to consider business tax extenders that leverage private capital, so too should the Committee consider individual tax extenders that do the same for the broad benefit of communities. Tax incentives that encourage investment in education and philanthropy merit strong support.

I am proud to champion an extension of the ***deduction for educators' out-of-pocket classroom expenses*** (H.R. 1738), a long-standing, bipartisan priority for this Committee that was previously sponsored by now-Chairman Dave Camp (R-MI) and currently enjoys the support of 98 Members of Congress, 10 of whom serve on the Ways and Means Committee.

Strong public education depends in part on equipping teachers with adequate resources to help students succeed. According to 2006 data from the National Education Association (NEA), educators spent an average of $477 out of their own paychecks just to purchase basic classroom supplies like books, pencils, and paper. The National School Supply and Equipment Association released data from the 2009-2010 school year demonstrating that public school teachers spent more than $1.3 billion out-of-pocket on classroom materials. Ninety-two percent of teachers polled reported that they had spent some of their own money on classroom materials.

These educators are demonstrating such a commitment to investing in their students that they are reaching into their own pocketbooks to provide classroom materials and further their own professional development. Extending the deduction for out-of-pocket classroom expenses has a leveraging effect by recognizing and encouraging the continued personal financial investment these educators are making in their students. I am pleased to include with my testimony a statement from the 3.2 million members of the NEA in support of my bill.

Similarly, I strongly support ***tax policy that encourages charitable giving***. Congressman John Larson (D-CT) and I have worked closely together to support the philanthropic efforts of public charities and private foundations. Especially in these difficult economic times, charities and foundations play an increasingly important role in providing basic services for children, families, and others struggling to make ends meet. I have seen firsthand the impact that philanthropic organizations like Northwest Harvest, the College Success Foundation, Habitat for Humanity, the United Way of King County, the Gates Foundation, and the Newman's Own Foundation are making in underserved communities in Washington State and across the country. The Committee should remain mindful of the role that tax policy can play in leveraging charitable giving to organizations that do so much good for those in need.

In closing, I commend the Subcommittee for holding this hearing and providing members on and off of the Ways and Means Committee with the opportunity to share their views on expired or expiring tax provisions. I am eager to continue working closely with my Committee colleagues on both sides of the aisle to review and advance 'tax extenders' that leverage private capital and create jobs as we make further progress toward comprehensive tax reform.

DAVE REICHERT

Member of Congress
Eighth District, Washington

Congress of the United States
Washington, DC 20515

April 26, 2012

The Honorable Pat Tiberi
Chairman
U.S. House Ways and Means Subcommittee on Select Revenue Measures
106 Cannon House Office Building
Washington, DC 20515

Dear Chairman Tiberi:

As fellow members of the House Republican Conference, we applaud your ongoing efforts to advance comprehensive tax reform and your careful review of many expired or expiring tax provisions as a component of the drive for reform. As your Subcommittee on Select Revenue Measures considers extending certain tax provisions and eliminating others, we urge you to ensure that the renewable energy production tax credit (PTC) is extended while Congress works to achieve comprehensive tax reform.

The production tax credit, first enacted in 1992 and extended seven times under both Republican and Democratic Congresses, enjoys broad support across regions and the political spectrum. In the past six years, the production tax credit has helped nascent energy industries mature, supported hundreds of manufacturing facilities located in nearly every U.S. state, and leveraged billions of dollars in private investment – $60 billion in the wind industry alone, where the credit has successfully grown our domestic manufacturing capabilities from 25% of turbine value to over 60% in the same time frame. The production tax credit is essential to supporting thousands of American manufacturing and services jobs and to reducing American businesses' and families' electricity bills. And unlike federal spending programs that enable politicians and agency bureaucrats to pick winners and losers, the production tax credit can only be claimed by fulfilling its intended purpose – producing American-made energy.

As a Conference, we have time and again committed to "all of the above" energy solutions and to delivering job creators needed certainty in federal policies and regulations. Extending the renewable energy production tax credit would enable us to demonstrate House Republicans' continued efforts to achieve both objectives. Nowhere is policy and regulatory certainty more important than in capital-intensive industries that require substantial financing to bring facilities online.

Furthermore, the failure to extend the production tax credit could have a dire immediate and long-term impact on American jobs and our country's energy supply. The production tax credit for wind is set to expire at the end of this year and for other renewable resources in 2013, and the economic impact of the looming expiration is already being felt nationwide. Unlike other tax provisions, where late, lapsed, or retroactive extensions may be little more than an inconvenience, delays in extending the production tax credit are particularly devastating – when the credit lapsed for several months in 2002 and 2004, wind project installations plunged 73% and 77%, respectively. Given that the industry's manufacturing base has more than doubled since 2004, the failure to extend the production tax credit puts far more American jobs at risk today. With energy prices volatile and economic recovery fragile at best, now is not the time to let history repeat itself and freeze private investment in industries that put Americans to work lowering electricity costs for other Americans.

As your Subcommittee evaluates tax 'extenders' in the context of comprehensive tax reform, we urge you to consider the economic impact of extending the production tax credit while working toward tax reform and to include an extension in the next available tax legislation.

Sincerely,

DAVE REICHERT Member of Congress	CHARLES BOUSTANY Member of Congress
JIM GERLACH Member of Congress	CHARLIE BASS Member of Congress
TOM COLE Member of Congress	RICK CRAWFORD Member of Congress
ROBERT DOLD Member of Congress	MICHAEL FITZPATRICK Member of Congress
TIMOTHY JOHNSON Member of Congress	STEVE KING Member of Congress
TOM LATHAM Member of Congress	FRANK LUCAS Member of Congress
KRISTI NOEM Member of Congress	TODD PLATTS Member of Congress
JIM RENACCI Member of Congress	JON RUNYAN Member of Congress

April 26, 2012

Extend the 5-Year Holding Period for Built-In Gains

Dear Members of the House Ways and Means Committee:

As representatives of America's small and closely-held businesses, we respectfully encourage you to extend the 5-year holding period for built-in gains, a key provision of the bipartisan *S Corporation Modernization Act* (HR 1478) introduced by Ways and Means Committee members Dave Reichert (R-WA) and Ron Kind (D-WI).

Small businesses are the engine of America's economic growth and S corporations are the cornerstone of the small business community. There are nearly 4.5 million S corporations nationwide. They are in every community and every industry. A recent study by Dr. Robert Carroll (Ernst & Young) found that S corporations are a significant source of jobs as well, employing one out of every four private sector workers.

Unlike public companies, these closely-held businesses have little or no access to the public capital markets. They rely on banks, they rely on relatives, and they rely on their own assets for investment and working capital. An overly long built-in gains tax exacerbates this disadvantage by preventing converted S corporations from putting the capital they already control to better use.

S corporations should not be blocked from accessing their own capital; these are critical resources that allow private companies to grow their businesses, create jobs, and remain competitive.

On behalf of America's Main Street business community, we respectfully ask that you extend the 5-year holding period for built-in gains.

Thank you for your consideration.

Sincerely,

American Council of Engineering Companies
Associated Builders and Contractors, Inc.
Independent Community Bankers of America
National Beer Wholesalers Association
National Federation of Independent Business
National Funeral Directors Association
National Small Business Association
Printing Industries of America
Professional Beauty Association
Roofing Contractors Association
S Corporation Association
U.S. Chamber of Commerce
Wine and Spirits Wholesalers of America

NATIONAL EDUCATION ASSOCIATION
Great Public Schools for Every Student

Testimony Submitted for the Record
U.S. House of Representatives Committee on Ways and Means
Subcommittee on Select Revenue Measures

Hearing on Certain Expiring Tax Provisions
April 26, 2012

Chairman Tiberi and Members of the Subcommittee. On behalf of the 3.2 million members of the National Education Association (NEA), we thank you for the opportunity to submit these comments for the record in conjunction with the hearing on certain expiring tax provisions. These comments focus on two specific expiring tax policies – the educator tax deduction and the Qualified Zone Academy Bond (QZAB) program.

Extend the Educator Tax Deduction
NEA strongly supports an extension of the educator tax deduction. This critical deduction, which expired at the end of the 2011 tax year, helps recognize the financial sacrifices made by teachers and education support professionals.

Educators often reach into their own pockets to purchase classroom supplies because they want to make sure students have what they need to succeed. Studies show that educators are spending more of their own funds each year to supply their classrooms and purchase essential items such as pencils, glue, scissors, and facial tissues. According to NEA's most recent survey, 97 percent of educators surveyed indicated that, in 2006, they had spent some of their own money to meet the needs of their students. These educators spent an average of $477 a year out of their own pockets to purchase classroom supplies such as books, pencils, paper, and art supplies.[1]

Many educators are finding the need to reach into their own pocket has increased in these difficult economic times, as funding cuts lead to shortages in essential supplies and more students come to school without basic learning tools. A large majority of educators also spend an average of $15 a month out of their own pockets to feed students. (*Status of the American Public School Teacher 2005-2006*, March 2010.)[2]

The need for these expenditures is not surprising. According to First Focus:

- 2.7 million more children lived with an unemployed parent during a typical month in 2011, compared to 2007 (an increase of 71%), bringing the 2011 total to 6.5 million children;
- 3 million (47% of those living with an unemployed parent) lived, during a typical 2011 month, with a parent unemployed six months or longer;
- 8 million more additional children relied upon SNAP for food in 2011, compared to 2007, bringing the total number of children receiving SNAP to 21 million (one in four);
- 16 million children (more than one in five) currently live in poverty[3]

The educator tax deduction is a bipartisan recognition of educators' financial sacrifices as well as of the needs of students who lack even the basic necessities for success in school. Extending it will make a real difference for many educators, who often must sacrifice other personal needs in order to pay for classroom supplies and instructional materials.

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[1] National Education Association, *Status of the American Public School Teacher 2005–2006*, March 2010.
[2] Ibid.
[3] *The Recession's Ongoing Impact on America's Children: Indicators of Children's Economic Well-Being Through 2011*, Julia Isaacs, Brookings Institution, December 2011.

Expand the Educator Tax Deduction
We also strongly support the Teacher Tax Relief Act (H.R. 1738), introduced by Representative Reichert (R-WA). This bill would expand the educator deduction to cover professional development expenses, increase it from $250 to $500, and make the deduction permanent. Teacher quality is the single most critical factor in maximizing student achievement. Ongoing professional development is essential to ensure that educators stay up-to-date on the skills and knowledge necessary to prepare students for the challenges of the 21st century. Expanding the deduction to cover professional development expenses would make a critical difference in helping educators access quality training.

Extend the QZAB Program
NEA also supports extension of the Qualified Zone Academy Bonds program. On average, the buildings that house our public schools are more than 40 years old.[4] The American Society of Civil Engineers gives the condition of our schools a grade of "D" and attributes the failure to upgrade them to "problems in the financial sector and declining revenues for states and local governments."[5] According to Fix America's Schools Today (FAST!), a project of the Economic Policy Institute and the 21st Century School Fund schools need an estimated $500 billion in repairs and upgrades.

The QZAB program has proven to be an efficient and cost-effective way to help disadvantaged communities address pressing renovation and repair needs. QZABs assist school districts in rural and urban communities by providing a financing mechanism to renovate buildings and invest in equipment and technology. Investors receive a federal tax credit equal to the amount of interest payable on the bonds, thereby relieving local taxpayers and municipalities of the interest burden.

A school that is awarded a QZAB may use the funds to:

- renovate and repair buildings;
- invest in equipment and up-to-date technology;
- develop challenging curricula; or
- train quality teachers.

The QZAB program expired at the end of the 2011 tax year. We urge Congress to extend this critical program.

Thank you for your consideration of these comments.

Submitted on behalf of:

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[4] *National Center for Education Statistics*
[5] *Report Card for America's Infrastructure, 2009*

Mr. REICHERT. These are the two extenders that leverage private capital to create jobs, both that face looming expirations, and both deserve the Committee's consideration on tax extenders.

I appreciate your time. Thank you.

Chairman TIBERI. Thank you. I thank you all for your testimony and time today. With that, I will recognize the Ranking Member, Mr. Neal.

Mr. NEAL. Thanks, Mr. Chairman. These hearings have been instructive. The panelists have really been good. It is a pretty good snapshot of why tax reform will be so difficult.

We have had Members of Congress here left, right and center, who have all argued for their favorite tax preference.

I will say, Mr. Pompeo, and this may be helpful to you in your own constituency, you are the only Member of Congress today who has made the argument for getting rid of all the production credits.

I dare say there are not many Members of Congress more conservative than Mr. King, and he made a pretty aggressive argument today.

Chairman TIBERI. Mr. King of Iowa as opposed to Mr. King of New York.

Mr. NEAL. Right. Although I know him, and he can make some pretty good arguments.

[Laughter.]

Mr. NEAL. The point that I raise is that the discussion we have had here today really centers upon incenting people, as many of the panelists have said, not permanently but through the stage of infancy as the technology grows and improves.

We heard Mr. Latham suggest, for example, that his constituency, without that production credit, many potential investors as well as those who hire people are about to serve notices on them that they are going to be laid off.

My own experience tells me in this stage of development, we are going to continue to need some sort of support inside of the Code for that purpose.

I would use the argument as many panelists have said, "all of the above," that is a pretty easy position to rally to, but also to acknowledge that without Government guarantees, you are not going to build any nuclear power plants.

If you embrace the position I think of "all of the above" or in your instance, "none of the above," apparently, in terms of using the Tax Code, I am just curious as we talked about it, would you apply that to large oil companies as well?

Mr. POMPEO. Absolutely.

Mr. NEAL. Your legislation does not.

Mr. POMPEO. It does, indeed. It has two tax credits, the marginal oil well tax credit and the enhanced oil recovery tax credit, each of which apply to the petroleum industry, the natural gas and oil folks.

This is industry neutral. I agree with your point. We could absolutely create more wind jobs. We could make the production tax credit 90 percent. I am confident there would be more capital drawn to that. It is probably the case.

We could make it 99 percent or 150 percent and probably create additional jobs and investment. We could do that for any energy industry.

My notion is America is not at a place where we can afford to do that any more, protect the wind, it has been 20 years. That is a long time in my books.

Mr. NEAL. For the purposes of intermural discussion, why do I not let Mr. Reichert take your argument on.

[Laughter.]

Mr. REICHERT. That would be just great. Appreciate your recognizing me to comment.

I do agree with the gentleman that "all of the above" is really the answer to not only economic security but to national security.

I think the disagreement, of course, is we believe there should be incentive from the Government to help on some of these fledgling technologies.

Again, this bill that Mr. Blumenauer and I have authored together includes more than just wind.

The wind energy folks, again, I guess I would agree with the gentleman one more time, in that they are very innovative. Innovation, they are not only thinking about the technology, around the science of collecting wind energy, but they are also thinking about how they can transition themselves out of a tax extender.

This is one of the very few groups that I think you have talked about and heard from today in this Committee that have actually started the process and started to think about a phase out of the tax extender, because they have confidence enough in the equipment, material and people that work in this industry to begin to have that discussion where others have not.

Mr. NEAL. Mr. Boren, would you like to comment?

Mr. BOREN. I just want to say with Mr. Pompeo, I think he deserves a lot of credit for being at least intellectually honest.

I disagree with his position. That is why I am here promoting the production tax credit. I support a lot of those oil and gas industry tax credits that he is wanting to get rid of.

So many people come up to these committees and say well, you know, do this but do not do this. At least he is being intellectually honest and saying you know, I want to get rid of all of it. As a friend and a colleague, I think he does deserve a lot of credit for having the courage to come up here where a vast majority of the people oppose his viewpoint.

I just want to say that to a friend, and say I disagree with you, but good job for being here and being intellectually honest.

Chairman TIBERI. Just a comment to the three of you, if any of you would like to comment on this. Mr. Pompeo has said, and he is not alone in saying this, he may have been alone in saying it today, but he is not alone in saying that if we get rid of all these tax credits on the energy side, and you alluded to it, there would still be an industry out there, pick the industry. It will still happen in the marketplace.

Why is that thought process, if you three would like to comment on that, wrong?

Mr. Blumenauer.

Mr. BLUMENAUER. What is ignored is the sunk costs that we have had in these other sources. If you look at the extent to which we have subsidized the nuclear industry, I mean this is hundreds of billions of dollars.

We have subsidized the production of oil and gas for over a century. I think we have reached the point where much of this is not needed, but it was absolutely necessary when drilling techniques were very scattered, expensive, and we did not have a petroleum industry, and we were trying to build it.

In terms of, my word, the production of ethanol, we mandate that it be purchased, for Heaven's sakes, and we massively subsidized the production of corn.

If you look at all the other investments, to help them come to scale, and then compare it to wind energy, which has been working for approximately 20 years, not uninterrupted by the way, but look at what has happened to the cost curve, we have had a very significant return on the investment.

What Mr. Reichert mentioned is they are not asking, unlike most of the others, permanently being hooked up to the Federal Treasury, but having it come to scale and have a little bit of the investment that was given to nuclear, to hydro, to oil and gas is not, I think, unrealistic, and I think it is a good investment for these renewables, and not just wind. It is solar, geothermal.

I think there is a strong case to be made to help them get to the takeoff point.

Chairman TIBERI. Mr. Boren, I can tell you are itching to comment.

Mr. BOREN. Let me touch on oil and gas just a little bit. We are actually in agreement on this wind or the production tax credit, not just wind, but as you mentioned, all the other, hydropower and everything else.

Going back to oil and gas, oil and gas is a very complex industry. Most people think of oil and gas as just the big five oil companies.

You will remember my former boss who was a member of this Committee, Wes Watkins, would talk about the mom and pop oil and gas producers.

Most of the oil and gas production in the United States is by independent small producers. We have not always had $100 a barrel oil or $125, whatever it is on the market today. A lot of our production is very mature, so we have what is called "stripper well production."

You may have five to ten barrels of oil a day coming from a well, not thousands of barrels of oil.

We give incentives for those small wells so that they stay alive. If they are not alive, you have to plug them, and that means our domestic production goes down and people like the Venezuelans and Saudi Arabia and other countries have a bigger market share.

For us to be energy independent, we have to give incentives to our domestic industry, not big companies that are drilling in other parts of the world, but companies that are in the United States.

I also believe we have to have an "all of the above" approach. We have to have wind. We have to have coal. We have to have nuclear. We have to have natural gas, which is clean domestic, and we have a Nat Gas Act.

We have to do all of that. It is so complex, instead of just saying oh, big oil or big this or big that, it is much more complex.

I think Mr. Neal kind of hit this on the head. You really have to peel back the onion. You have to look at these industries, and it is not as easy as just black and white. There is a lot of gray and there is a lot of looking at the long term, these investments in wind, making sure there is a marketplace for this to survive for a long period of time.

You cannot use wind for baseload generation. You have to have it there to offset gas and coal and everything else.

Thank you.

Chairman TIBERI. Mr. Reed, you have a comment, I can tell.

Mr. REED. Yes. Thank you very much, Mr. Chairman. I would like to throw into this conversation a very important point when it comes to the energy tax policy for our nation.

I think the primary motivating factor for that energy policy, tax policy, should keep in mind my priority in that arena, that it is a national security issue that we are trying to address with an "all of the above" approach, not only the environmental benefits, and we can get into that argument, but what we are talking about, and that is why oil and gas has to be part of that conversation, because there is a national security implication on this policy as a result of our dependency issues on foreign sources of energy.

I would encourage the Chairman and the Ranking Member to look at this issue, not only from an environmental point of view and an economic point of view, which are very good points and issues, but primarily from the perspective of a national security issue when it comes to energy independence. That can never be lost in this debate.

With that, I yield the balance of time.

Chairman TIBERI. Mr. Reichert?

Mr. REICHERT. Thank you, Mr. Chairman. If I can just play off most of what was said here, and there is a lot of agreement as you have heard.

Number one, we all agree we want to be energy independent. Number two, that means getting off Mideastern oil and not being dependent upon that as our source.

Number three, if that is accomplished, it really does enhance our ability to produce jobs here in America, but as Mr. Reed said, it also enhances our ability to make our nation safe and secure.

Even before we start to talk about jobs, you have to talk about the national security. If our nation is not secure and safe, jobs become a topic of non-discussion.

This point that Mr. Reed touched on is very critical for us to keep in mind as we move forward in this discussion of tax credits.

The other thing that we agree on, I think, is yes, the free market is the place for these things to work. I think we did get a little bit side tracked as has also been mentioned over the years.

I think initially these tax credits and incentives for certain energy producers were meant to be those sort of Government aids and assistance, and to help you get started, mature and grow into the companies, the private companies that we need you to be, strong enough to hold this country together and keep us safe and independent.

We have gotten to the point today where those have become expected subsidies and expected credits. That is why I want to point out once more that the wind energy—the PTC, including more than wind, is a group of innovative people who have already said we are so far ahead in thinking, that we have already started to develop a plan to phase out the tax credits.

I think that a lot of these other industries that we have talked about need to be thinking into the future as well. Let the free market work. Phase out of these tax credits, but they need to be helped today. Today is the wrong time to pull that money from wind and the rest of the energies that are included in the bill.

I appreciate the time to respond and testify today, and I thank you.

Chairman TIBERI. Any other thoughts?

Mr. REICHERT. One more thought. I am sorry. We have sort of done the same thing when it comes to the medical field.

If you look at NIH, we are funding all kinds of technologies, sciences, and cures for cancer, et cetera, by subsidizing in grants and funding to help those things that help the people in this great country.

Not permanent, moving toward the future, and encouraging these new sciences and new technologies, I think, is a benefit to everyone who lives in this great country.

Chairman TIBERI. Thank you. Great testimony, great discussion, folks. We want to thank all our colleagues today from the very first panel to the last panel for a great discussion. Thanks for your time and your testimony.

I want to also thank the Ways and Means staff, the Subcommittee staff, for preparing for today's hearing. They did a great job.

I want to remind anyone in the audience or our colleagues that they have until May 10, two weeks from today, to submit written statements for the official record.

With that, this hearing is adjourned.

[Whereupon, at 1:38 p.m., the Subcommittee was adjourned.]

[Member Submissions for the Record follows:]

Rep. Aaron Schock, Statement

Congress of the United States
Washington, DC 20515

May 10, 2012

The Honorable Pat Tiberi
Chairman
House Ways and Means Committee
Subcommittee on Select Revenue Measures
106 Cannon House Office Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
House Ways and Means Committee
Subcommittee on Select Revenue Measures
2208 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Tiberi and Ranking Member Neal:

I appreciate the opportunity to submit for the record a letter in support of the Section 181 film production tax extender that expired on December 31, 2011. This tax provision is a vital component of the nation's overall economy by encouraging film and television production in the United States.

Section 181 helps to counteract incentives put in place in the 1990s by many foreign governments to encourage the movement of U.S. film production overseas. Some foreign governments have been increasingly aggressive in promoting incentives to attract U.S. production overseas. As a result of these overseas subsidies, we saw more and more U.S. film production moving overseas in the 1990s and throughout the early 2000s. Consequently, what were once high-paying jobs in the U.S. disappeared and moved overseas.

In 2004, Congress recognized the need to combat what had become known as "runaway" production by approving favorable depreciation for U.S.-based film and television production under Section 181 of the Internal Revenue Code. Section 181 lowers the cost of capital for domestic production by providing immediate expensing on the first $15 million of film production costs. To be eligible, 75% of the production must occur in the United States. To qualify for the Section 181 expensing, at least 75 percent of the total compensation must be for services performed in the United States by actors, directors, producers and other personnel relevant to the film's production Without Section 181, film and television producers would instead have to depreciate their production costs in relatively small portions over a number of years.

Film and television production occurs in all 50 states and the industry creates well-paying jobs and generates tangible benefits to local communities nationwide. The average motion picture employs 350-500 people. In addition, a major motion picture shooting on location contributes $225,000 every day to the local economy, generating revenue and jobs for a wide range of local businesses such as lodging, caterers, dry cleaners, restaurants, equipment rental, lumber yards, transportation vendors, and a host of others. The majority of these local employers are small businesses with ten or fewer workers.

The film and television industry is a vital engine for economic development and employment in numerous cities and states throughout the country. Earlier this week, New York City Mayor Michael Bloomberg announced the results of an economic study that details the economic impact of New York City's media and entertainment industries. The basic findings are that New York City gained 40,000 media and entertainment jobs over the past decade, that the film and television industry generated $7.1 billion in direct spending in New York City in 2011, and that film and television production now employs over 130,000 people in the Big Apple.

While Americans largely think of California and New York as film producing areas, the industry is becoming a critical economic development engine in states like Ohio, Illinois, and Louisiana where recent major motion pictures such as "The Avengers", "Transformers 3", and "Contagion" respectively were filmed and created numerous jobs.

Extension of Section 181 is vitally important to help sustain growth in domestic film production which is a strong contributor to growth in the overall economy. For the reasons mentioned, I strongly support Section 181's extension.

Respectfully,

Aaron Schock
Member of Congress

Congressman Bill Johnson Written Statement for 4/26/12 Select Revenue Subcommittee Hearing on Certain Expiring Tax Provisions

Chairman Tiberi, Ranking Member Neal, and Members of the Ways and Means Subcommittee on Select Revenue Measures, thank you for the opportunity to submit testimony today.

I submit this testimony in support of the extension of the coke (fuel) credit provided under section 45K(g) of the tax code. This tax code section provides a production credit for coke facilities placed in service before January 1, 2010. I would urge the Committee to extend this date as far into the future as the Committee finds practicable because of the length of time needed to plan, permit and build a new coke facility.

As the Committee may be aware, coking is a process very similar to making charcoal – but instead of wood, you are using coal to produce a different refined fuel that burns cleaner, hotter, and with additional properties than the coal it starts out with. Coke – apart from the raw iron ore – is a main, if not <u>the</u> primary, input into the production of steel.

The coke credit is a long-standing tax credit with an equally long-standing policy basis behind it. It was first created in 1980 for facilities placed into service within the following 10 years. It has been renewed ever since, the last time as part of the Energy Act of 2005. While Congress first treated coke as an alternative fuel to oil in the 1980 Act, it really is not. Coke is a product of metallurgical coal that is processed or baked to produce metallurgical coke. It is an essential fuel and chemical agent in the making of steel. It is in no way an alternative to oil or gasoline. But it was not until the 2005 Act that Congress began to recognize that. In that Act the benefit of the credit was adjusted downward since it had grown with the price of oil to which it was tied even though it was not an alternative to oil as a fuel. In 2006 Congress addressed the other side of the question by decoupling the coke credit from the phaseout of the credit that depended on the price of oil. These changes are relevant because they were important background to Congress' consideration of extenders in the December 2010 tax bill. As I understand it, the effort at that time was to extend "traditional" business tax credits but not extend new ones. Since the coke credit had been redesigned in 2005 and 2006 to reflect the correct understanding of what coke really is, it was viewed as a "new" credit and did not receive an extension. That mistake needs to be corrected now.

That mistake bore consequences. Fortunately, the 200-oven coke facility located in Haverhill, Ohio, was placed in service before the expiration of the credit. But, a facility in Middletown, Ohio, was under construction at the time of the expiration. Plans for that facility were originated in 2007 with a goal of placing the Middletown plant in service before January 2010.

With encouragement in Congress for the extension, plans went forward but were delayed by litigation and regulatory hurdles. When the Middletown plant was completed in November of 2011, it became the only modern-day plant erected without the benefit of the credit.

The disparity between the costs of operation in Middletown compared with other facilities in the United States is a fact, but such disparity is dwarfed when compared to foreign competitors. A ton of coke produced in Haverhill or Middletown costs 5 to 7 times what it costs in China or India. That is because of environmental regulations and the higher cost of U.S. labor. Since we value clean air and support a well-paid workforce in the United States, the way to address this competitive imbalance is with an extension of the coke credit. The policy alternative is to let the construction jobs and full-time jobs that follow go overseas and weaken our capacity to produce world-class steel here in America. If coke capacity moves offshore, it is my fear that in time steel will follow because of the synergies involved. In a modern heat-recovery coke facility, the water, coal-gas and coal-tar inherent in coal are captured and combusted during the baking process, thereby providing environmental benefits and a source of energy for operating an adjoining steel plant. These synergies disappear if the coke plants are built offshore.

The domestic coke industry supports an estimated 3,200 to 4,200 American jobs. Furthermore, construction of modern coke facilities in the U.S. typically support 500 or more construction jobs for each new facility. The policy alternative to extending this credit is to let thousands of full-time jobs and many more construction jobs that follow go overseas and weaken our capacity to produce world-class steel here in America. This could also impact tens of thousands of jobs in related industries like coal mining and steel production."

Generally, I understand that many cokemaking facilities in the U.S. are quite antiquated. They are less efficient and not as environmentally advanced as a modern facility. Of the 40 or so coke facilities in the U.S., two-thirds are more than 25 years old. Nearly half are over 50 years old. We have 2 that are over 65 years old. It is generally not cost effective to modernize an old plant, so we need some new coke plants if we are to foster a healthy, productive steel industry.

I am supportive of looking closely at the tax code and determining what should stay and how we can simplify the tax code and lower rates. Under tax reform, the coke credit should be considered in light of those overarching goals. As Congress considers which tax credits might be appropriate to extend this year, it should review the coke credit and the policy basis for extending it. As a practical matter, the coke credit helps new facilities built with high environmental standards compete with foreign coke facilities that have lower labor costs and lower environmental standards. The coke credit helps makes the price of coke more competitive but, it should be noted, does not come close to offering a level playing field for our U.S. producers or steel companies. Thus the credit serves to foster two related industries important to the manufacturing sector in the U.S. I encourage the Committee to consider the wisdom and benefit to U.S. jobs and the economy in extending this long-time credit.

The Honorable Bill Johnson
Member of Congress

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COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HEALTH

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Congress of the United States
House of Representatives

Rep. Bill Pascrell, Jr.
Committee on Ways and Means Sub-Committee on Select Revenue Hearing on Certain Expiring Tax Provisions
Testimony of Rep. Bill Pascrell, Jr.
4/26/2012

Chairman Tiberi, Ranking Member Neal, thank you for this opportunity to address tax issues of great importance to my district, as well as thousands of communities across this country. It is imperative that we use this opportunity to discuss what should be the priorities of this Congress, job creation and growing our middle class. Unfortunately, this hearing has excluded from discussion numerous tax provisions that touch almost every aspect of the lives of millions of American families and all of the American economy.

First, second and third, we should be speaking of ways to patch and ultimately eliminate the Alternative Minimum Tax (AMT). This provision, first enacted to ensure that the wealthiest Americans pay their fair share of taxes, now affects the middle class. Unfortunately, the Tax Cuts of 2001 and 2003 decreased marginal tax rates without making corresponding changes to AMT rates, thus lowering the triggered AMT eligibility. This resulted in a system where every year, thousands of middle class taxpayers in northern New Jersey who do not have very high incomes or participate in numerous special tax benefits, could be subject to the AMT. While approximately 4.5 million families were subject to the AMT in 2009, there are upwards of 30 million families that could pay thousands more in taxes this year if we do not act soon.

Another important issue to the individuals living in northern New Jersey, and especially those affected by Hurricane Irene, is reforming the tax treatment of Presidentially Declared Natural Disaster areas. Past instances of disaster-specific relief have delayed or complicated victims' and businesses' ability to receive the aid they need. Reinstating the Disaster Tax Act of 2011 (H.R. 2718), will help the Federal government efficiently and quickly respond to the areas of need through the tax code.

We should also be looking at proven methods of rebuilding our infrastructure through alternative financing mechanisms. I am the sponsor of The Sustainable Water Infrastructure Act of 2011 (H.R. 1802), which will unleash $50 billion in private capital for upgrades to our water and wastewater infrastructure, by removing the caps placed on the amount of Private Activity Bonds that states can issue for these projects. A method of helping to finance projects like upgrades to water and wastewater utilities is found in another expired tax provision, which would add Federal Home Loan Banks to the list of Government Sponsored Enterprises that can credit enhance tax-exempt municipal bond (H.R. 692). We should also discuss the importance of Build America Bonds that were a successful part of The Recovery Act. In fact, New Jersey received over $7.3 billion in Build America Bond financing assistance for important improvements to schools, roads and water infrastructure.

I have always believed that our economic crisis started with housing, and it will end with housing. Recently, forty-nine states' attorneys general and five of the largest mortgage lenders agreed to a $25 billion settlement, including over $762 million in New Jersey, with the majority going towards allowing homeowners to refinance their mortgages at historically low interest rates. While this is an important step forward in helping to rebuild our housing market, this could also lead to homeowners who receive this relief paying possibly thousands of dollars in unexpected taxes. Thus, we must move to extend the Mortgage Forgiveness Debt Relief Act (H.R.4202), which precludes from income the debt forgiveness on mortgages.

We should also work to rebuild the housing market by extending the deductibility of Mortgage Insurance premiums. Failure to extend this critical deduction could effectively increase the costs of homeownership at a time when we should be focused on stabilizing and growing the housing market.

As we continue our economic recovery, we must look towards new and innovative industries that will provide our economy with good jobs and the ability to produce and export our products throughout the world. This starts with extending the Research and Development Tax Credit (H.R. 942). New Jersey's economy had over $8 billion worth of research and development in 2009, with tens of billions of dollars in additional positive economic impact that rippled throughout industries including energy, healthcare and engineering.

Additionally, we need to ensure that once we develop novel and innovative technologies, American workers are used to produce and deploy these technologies. With Americans paying historically high prices at the pump, nowhere is new technology needed more than in the energy sector. This includes extending and updating the production and investment tax credits for wind energy (H.R.3307) and biodiesel. New Jersey is poised to be a leader in the offshore wind energy industry. That is why I have introduced the Incentivizing Offshore Wind Power Act (H.R.3238), which understands that there is an extended timeframe for constructing offshore wind farms, and eliminates the need for continuously extending the investment tax credit by making the investment tax credit available for the first 3,000 megawatts of offshore wind placed in service. Without this extension of the investment tax credit, it will be almost impossible to achieve a thriving offshore wind industry in this country and realize the thousands of American jobs we so desperately need.

As we develop and employ technology to reduce our dependence on foreign energy, we should also be looking to ensure that mass transit is a viable and affordable method of commuting. My home state of New Jersey is the most densely populated state in America, with approximately 1,100 people per square mile. That is why 867,000 of my fellow New Jerseyans choose to use NJ Transit, the nation's largest statewide public transit system. These commuters should be provided the same tax benefits that other commuters are able to receive to reduce the cost of commuting, and that is why I support parity for the exclusion from income for employer-provided mass transit (H.R. 2412).

Finally, as we move to ensure that we develop renewable and clean sources of energy, we should still assist in the cleanup of Brownfield sites. One mechanism we can use is to extend the Brownfields Tax Incentive. This incentive has assisted in the environmental cleanup costs of an estimated three hundred and ten sites throughout New Jersey from 2003 through 2009, by making the cots fully deductible in the year incurred.

These provisions are just a sample of what has already expired or what is set to expire at the end of 2012. While I thank you for this opportunity to discuss some of them, I believe that as a full committee, we need to engage in a more thorough discussion that includes testimony from experts and those affected by the inclusion or exclusion of tax provisions. Unfortunately, it seems that politics has taken precedent. I hope that we will be able to revisit this topic sometime soon. Thank you for taking the time to discuss these issues, which I care deeply about.

Sincerely,

Bill Pascrell Jr.

Bill Pascrell, Jr.
Member of Congress

Congressman Bill Shuster
House Committee on Ways and Means
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
Thursday, April 26, 2012

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to provide testimony on these important issues.

As a Member of the Committee on Transportation and Infrastructure and the Chairman of the Subcommittee on Railroads, Pipelines, and Hazardous Materials, I appreciate the chance to offer my support for the 45G short line rehabilitation tax credit and am proud to be a cosponsor of H.R. 721, legislation to extend this credit that is set to expire at the end of the year.

Small, privately owned and operated freight railroads play an important and critical role in moving goods and raw materials. Extending the Section 45G short line maintenance tax credit is critical to preserving and improving the private sector's ability to maintain these important services.

Across the country, Section 45G has shown tremendous results. Short line railroads connect over 10,000 customers across America to the national freight railroad network. By maximizing private infrastructure investment, Section 45G has allowed these railroads to provide their customers with more customized and competitively priced service. There are 550 short line railroads operating some 50,000 miles of light density rail line in 49 states. The purpose of the 45G credit is to allow these small businesses to invest more of what they earn in track rehabilitation. Put simply, the credit lowers tax rates on businesses that create jobs and generate economic growth.

Most short lines operate track that was once owned by large railroads. This track received little investment by its previous owners and Section 45G is helping small businesses overcome their infrastructure shortfalls and ensure that the vital link between local communities and the national freight railroad network will be preserved from abandonment. All of this is accomplished by 550 small companies with an average of 34 employees and median annual gross revenues of less than $5 million. As smaller, local businesses, short lines have been very successful in turning these into profitable lines on a profit and loss basis. But they serve small customers that do not ship in volumes large enough to fund the enormous cost of eliminating this deferred maintenance. Today, short line railroads reinvest on average nearly 30 percent of their annual gross revenues in repairing and upgrading their infrastructure.

Increasing private investment by keeping taxes low strengthens our local economies, benefits customers who depend on efficient and competitive rail service, and maximizes the ability to invest in private sector transportation assets. The 45G credit is not a federal grant nor is it a subsidy paid for by the taxpayers at large. It simply allows these small businesses to keep more of what they earn to help them meet this huge capital requirement. And there is strong evidence that it is working as intended.

The primary beneficiaries of the credit are railroad shippers. When their short line railroad upgrades track they receive faster, safer and more competitively priced service. Most important, they can utilize the newer heavier load railroad cars that have become the standard for the Class I railroad industry. These heavier cars require a much stronger track structure and if the short line track is not upgraded to handle them, the shipper must send his product by much more expensive truck transportation.

The rehabilitation tax is first and foremost about maximizing capital investment. But in so doing, it is also about jobs. Most short lines do not have the in-house manpower to undertake rehabilitation projects and must hire contractors and laborers to do the work. In the best tradition of American free market capitalism they have taken on considerable financial risk. In so doing they have preserved local rail service for shippers, created good paying railroad jobs for workers and rebuilt valuable railroad infrastructure. What they have earned they have done through hard work and determination. The 45G tax credit allows them keep more of their own earnings so they can continue the task of rebuilding and strengthening local railroad service.

CEDRIC L. RICHMOND

OMMITTEE ON HOMELAND SECURITY

COMMITTEE ON SMALL BUSINESS

ASSISTANT WHIP

Congress of the United States
House of Representatives
Washington, DC 20515–1802

Statement of Rep. Cedric L. Richmond (LA-02) regarding selected expiring tax provisions

April 26, 2012-- I'd like to thank Chairman Tiberi and Ranking Member Neal for providing Members with an opportunity to comment on the import of various expiring provisions of the tax code. I would like to focus on provisions which have helped Americans rebuild after economically disastrous events. I urge my colleagues to take swift action to reauthorize these expired or expiring provisions because they have played a key role in helping my constituents rebuild their lives after the devastation wrought by Hurricanes Katrina, Rita and Ike.

A. New Markets Tax Credit- ***(sec. 45D(f)(1)).***

I introduced the Louisiana version of the New Markets Tax Credit when I was a State Representative back in 2005, so I have long been a strong supporter because of its obvious economic benefits. In the current economic environment, programs like New Markets Tax Credits are vital. This program demonstrates the power of public-private partnerships, and the power of providing investment incentives as a job creation tool. Since 2003, almost $1 billion in New Markets Tax Credits were invested in more than 80 projects across New Orleans. Especially after Katrina, New Markets Tax Credits have played a special role in encouraging local project development and job creation.

They have played a large role in New Orleans, but are also highly effective nationwide. Since 2003, demand for the credits have been robust, with over $200 billion worth of demand. Over 600 allocations have taken place with more than $30 billion in credits allocated. These investments are leveraged to create jobs and rejuvenate neighborhoods. This credit should be a "no-brainer" and I urge my colleagues to reauthorize this critical investment incentive and examine ways in which the benefits can be made retroactive in order to reflect the fact that it has not been authorized for the current fiscal year.

B. Disaster Relief Federal Tax Provisions that Expired in 2011

1. *Tax-exempt bond financing for the Gulf Opportunity Zone* ***(sec. 1400N(a))***

This provision is critically important to help local issuers finance the rebuilding of residential rental projects or rebuilding non-residential properties with a public benefit. These monies were also used to finance low interest rate mortgages for eligible borrowers to help their families start fresh after Katrina and Rita devastated neighborhoods. Families can still stand to benefit from the facilities this investment incentive can help create.

2. *Low-income housing credit additional housing credit dollar amount for the Gulf Opportunity Zone and certain programmatic expansions for the Gulf Opportunity Zone, the Rita GO Zone, and the Wilma GO Zone* ***(sec. 1400N(c))***

This modified low income housing tax credit recognized that there would be difficulties constructing, rebuilding or purchasing new buildings to afford low income families a decent home in the post disaster environment. Years later, many neighborhoods are still struggling to rebuild and any Federal support would provide critical assistance to hard hit families as they seek the dignity of a safe home.

I introduced legislation on this provision (HR 559) on February 8, 2011 with Mr. Boustany, a distinguished Member of this Committee, which would have extended the placed in service period to 2013 from 2012. Because the economic downturn prevented key post Katrina and Rita rebuilding projects from getting off the ground, extending the placed in service date for Go Zone tax credits is critical to meeting our housing needs, both in New Orleans and Louisiana as a whole. I urge my colleagues to examine whether some of the benefit can be made retroactive based upon the timing needs of stakeholders. I urge the committee to extend the eligibility period for this credit by the end of two calendar years from the enactment of this provision.

3. *Placed-in-service date for additional depreciation for specified Gulf Opportunity Zone extension property* ***(sec. 1400N(d)(6))***

The depreciation provision is critical to preserve the depreciation deduction for qualified GOZONE property and I urge my colleagues to extend the placed in service date for this depreciation benefit in a manner that is consistent with the continued economic stress in the GOZONE. This will help promote continued investment in capital goods and property in these hard hit areas.

4. *Increase in rehabilitation credit for structures located in the GO-ZONE* ***(sec.1400N(h))***

This credit has been successfully used to offset some of the costs of rebuilding over 140 of New Orleans' and Baton Rouge's historic buildings. These investments have been critical to fostering sorely needed tourism in the region, and the monies associated with this tourism have been reinvested in important local priorities in a constrained state and local budgetary environment.

I thank my Colleagues for an opportunity to present my views on these important provisions.

Rep. Charles Boustany, Statement

Ways and Means Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions
Statement for the Record in Support of Extending Section 181 of the Internal Revenue Code
May 10, 2012

I submit this statement in support of extending section 181 of the Internal Revenue Code. Section 181 allows investors immediately to write off for tax purposes the first $15 million of costs associated with certain film and television productions instead of having to deduct small portions of the cost throughout a number of years. A film only qualifies for a deduction under section 181 if 75 percent of the total compensation of the production is compensation for services performed in the United States by actors, directors, producers, and other relevant production personnel.

Section 181 was enacted to help counteract the generous wage and other subsidies put in place by other countries (beginning in the 1990s), which were designed to attract U.S. productions to their country. Typically, these foreign subsidies are conditioned on hiring local "below the line" technicians and other skilled workers. The attractiveness of these subsidies resulted in the loss of high-paying American jobs. In 2004, Congress recognized the need to combat these subsidies and the resultant runaway productions, and provided favorable depreciation to encourage domestic productions under section 181 of the Tax Code.

While California may be the home of the major film entertainment studios, productions occur in all 50 states. A major motion picture production on location contributes $225,000 every day to the local economy. This industry is also a critical engine for economic development in Louisiana. Louisiana now has 15 soundstages and we are ranked third in the country for film and television production. Recent major motion pictures such as *G.I. Joe: Retaliation*, *Jeff Who Lives at Home* and *Battleship* listed on the section 181 schedule are estimated to have produced over 3500 jobs in Louisiana.

Major productions like these, not only create high-paying film jobs, but also generate revenue and jobs for a range of local businesses, such as caterers, dry cleaners, lodging, equipment rental, transportation vendors and many others. The majority of these local businesses employ 10 people or less.

Extending section 181 will continue to promote capital investment and production in the U.S. This is important to help sustain growth in domestic film production which is a strong contributor to growth in the overall economy. I believe that encouraging domestic film production will continue to have ripple effects in local economies nationwide. As a result, I support extension of section 181.

Rep. Cory Gardner, Statement

Congress of the United States
Washington, DC 20515

May 1, 2012

The Honorable Pat Tiberi
Chairman
U.S. House Ways and Means Subcommittee on Select Revenue Measures
106 Cannon House Office Building
Washington, DC 20515

Dear Chairman Tiberi:

As Members of Congress from Colorado, a state where thousands of workers are employed because of the wind industry, we write to express our strong support for an extension of the wind energy production tax credit (PTC).

The PTC is vital to the future of wind energy production in Colorado and across the nation. Colorado in particular has upwards of 6,000 individuals employed in jobs related to the wind industry – many of which are at stake should the PTC expire right now. Additionally, many rural communities are recipients of new revenues thanks to wind energy production.

Each of us believes in a truly all of the above approach when it comes to U.S. energy policy. Both traditional and renewable sources play vital roles in enhancing our domestic energy supply, thus strengthening our energy independence as a nation.

While the PTC does not expire until the end of 2012, it is imperative that it be renewed as soon as possible. In order for a company to be eligible for the PTC, it must have wind turbines up and running by the end of the given calendar year. As such, projects for the 2013 calendar year should already be in the planning and development process in order to be completed in a timely fashion. Simply put, Congress cannot wait until November or December to consider an extension of the PTC. Doing so would result in massive layoffs and project delays for the companies that are expecting it.

The wind industry is strong, and with a predictable timeframe to reduce the credit, it will continue to remain that way. Thus, while we ask for an extension of the credit as it currently exists, we encourage you to examine a plan to reduce that credit in subsequent years, find a way to pay for the credit, and work towards comprehensive tax reform and a tax structure in which the PTC is no longer needed.

Thank you for your consideration.

Sincerely,

Cory Gardner
Member of Congress (CO-4)

Scott Tipton
Member of Congress (CO-3)

Mike Coffman
Member of Congress (CO-6)

Statement by U.S. Representative Cynthia M. Lummis
Hearing on Certain Expiring Tax Provisions
Before the House Subcommittee on Select Revenue Measures
Ways and Means Committee

Chairman Teberi, I submit this statement to the Subcommittee as a request for a long term fix to the ever changing estate tax. Congress needs to provide certainty for estate planning as part of any larger tax reform package.

As someone who was raised on and still works a family-owned ranch, I understand the particular strain of the death tax on Wyoming's agricultural and small business community. Families should not be punished for working hard to build wealth for their families. I have fought for and continue to support a full repeal of the estate tax.

I also voted for last Congress' compromise to set the death tax at a rate of 35 percent with a $5 million exemption for two years. This temporary fix expires at the end of 2012. Given our political climate, I would support a continuation of the current tax rate with the exemption indexed for inflation and a stepped up basis as a long term solution. Even worse than having a tax on estates is the uncertainty that is caused by constantly changing this tax.

Maintaining the stepped up basis for appreciated assets is key to this deal. Ownership of small businesses, farms and ranches is often a family affair and Congress needs to ensure family businesses can be maintained throughout generations. This is especially true when considering the aging of our agriculture sector.

While maintaining the estate tax is a policy of punishing Americans for building already-taxed wealth to pass on to their families, passage of a long term solution is better than allowing the rate to automatically increase. American business owners need the certainty that the death tax will not come back in full force in 2013. A tax rate of 55 percent on inheritances, with only $1 million in assets exempted, is simply unacceptable.

I continue to support a full and permanent repeal of the death tax, but we need to provide Americans with permanent death tax relief as soon as possible. Thank you for your consideration.

Congress of the United States
Office of Representative Dave Loebsack
Washington, DC 20515-1502
www.loebsack.house.gov

May 10, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
1102 Longworth House Office Building
Washington D.C. 20515

The Honorable Richard E. Neal
Ranking Member
Subcommittee on Select Revenue Measures
1139E Longworth House Office Building
Washington D.C. 20515

Dear Chairman Tiberi and Ranking Member Neal,

In the summer of 2008, the State of Iowa experienced the worst natural disaster in our recorded state history. 85 of 99 counties were declared Presidential Disaster Areas and damage estimates exceeded billions in one city alone. The entire Midwest suffered serious damage and continues to struggle to recover today.

The Iowa Delegation and others in the Midwest worked in a bipartisan fashion to pass supplemental disaster relief legislation in addition to a disaster tax relief package in 2008. This legislation, the Midwestern Disaster Tax Relief Act, included a provision to provide disaster areas with Midwestern Disaster Area Bonds to help ensure faster disaster recovery through economic growth and development.

Unfortunately, the authority to use these bonds expires at the end of this year despite only around $800 million of $2.6 billion in bonding authority being used in Iowa alone. The State of Iowa has worked hard to utilize as much of this authority but has been hit doubly hard with devastating floods on top of the worst recession since the Great Depression. A simple extension of authority to issue these bonds through January 1, 2015 would provide benefits that stretch far into the future for disaster impacted states in the Midwest.

Iowa has made progress but has work to do still in recovering from the Floods of 2008 and I thank the Ways and Means Committee for their previous support. Providing for an extension of Midwestern Disaster Areas Bond authority makes sense on a number of fronts, the foremost being job creation and economic growth.

I respectfully urge the Committee to include this common-sense extension which has broad bipartisan support in the Congressional Delegation, the State of Iowa, and the Midwest. Thank you for your time and consideration of this request.

Sincerely,

Dave Loebsack

Dave Loebsack
Iowa's Second District

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Phone Number: 202-225-6576

Contact E-mail Address: Tyler.Wilson@mail.house.gov

TESTIMONY OF THE HONORABLE DAVE REICHERT (WA-8)

U.S. Representative – Eighth District, Washington Member,
U.S. House Committee on Ways and Means

U.S. House Committee on Ways and Means
Subcommittee on Select Revenue Measures

Hearing on "Certain Expiring Tax Provisions"

Thursday, April 26, 2012

1100 Longworth House Office Building
Washington, DC

Chairman Tiberi, Ranking Member Neal, and Members of the Subcommittee –

Thank you for the opportunity to testify today. I applaud your leadership in advancing comprehensive tax reform, and I am proud to be a part of the ongoing work that the Ways and Means Committee is doing to assess various reform options and chart a path to a simpler tax code that ensures American businesses can compete in the global economy and American families can retain more of their hard-earned money.

Today's review of many expired or expiring tax provisions is an essential component of the drive toward tax reform. You can add my voice to the bipartisan chorus acknowledging that our tax code is far too complex, and I believe this Committee must continue to eliminate wasteful, ineffective tax provisions. But we must also acknowledge that there is a role for certain business and individual tax incentives to play both as a bridge to tax reform and as a continued catalyst for job creation and economic recovery. I appreciate the chance to offer my suggestions for key tax provisions that should be extended.

As a Representative from Washington State, no discussion about tax policy can begin without mentioning a provision that affects every single taxpayer in our state – the ***state and local sales tax deduction***. It is simply a matter of fairness for Washington and other states without a state income tax to extend this vital deduction. Our taxpayers deserve the same certainty and predictability in the ability to deduct these local taxes as residents of every other state. I will continue to fight to extend and make permanent this essential tax relief for my state, as I have sought every year since I came to Congress.

In reviewing 'tax extenders,' I encourage the Committee to prioritize consideration of those tax provisions that 1) leverage the maximum private sector capital and 2) have the greatest demonstrated potential to create and sustain American jobs.

<u>**Business Extenders That Leverage Private Capital and Create Jobs**</u>

I know many Members will join me in expressing support for long-standing, 'traditional' incentives like the ***research tax credit*** that help American businesses innovate and grow. But I want to emphasize today two extensions of current tax law that I authored that have a demonstrated ability to leverage private capital and create jobs: the ***renewable energy production tax credit (H.R. 3307)*** and the ***five-year holding period for built-in gains for small businesses organized as S corporations (H.R. 1478)***.

In the past six years, the ***production tax credit (PTC)*** leveraged billions of dollars of private investment in American manufacturing – $60 billion in the wind industry alone, where the credit has successfully grown our domestic manufacturing capabilities from 25% of turbine value to over 60% in the same time frame. Studies suggest that the PTC leveraged $15.5 billion in private capital in the wind industry annually since 2005, nearly 12 times the Joint Committee on Taxation's revenue estimate for the PTC. And that figure does not even account for the

investment that the PTC spurs in other qualifying renewable resources, including hydropower, geothermal, biomass, and landfill waste projects.

The production tax credit also has a proven record of creating and sustaining American jobs. It not only supports an increasing number of domestic manufacturing jobs, but it also supports the services sector jobs that design and finance these capital-intensive energy projects. I believe a tax incentive that serves the dual purpose of putting Americans to work lowering energy costs for other American families and businesses is worthy of extension.

Given the significant time, labor, and capital involved in bringing these energy projects online, a strong case can be made for the urgent need to extend the production tax credit in the next available tax vehicle in order to stave off the dire economic consequences of its looming expiration. A recent Navigant Consulting study indicates that the failure to extend the PTC would put 37,000 American jobs in the wind industry at risk. I have heard from countless manufacturers, utilities, and developers how the uncertainty over whether the PTC will be extended is already causing lay-offs, project delays, and cancellations. With energy prices volatile and economic recovery fragile, now is not the time to freeze job-creating, private investment in a key sector.

I am pleased that there is such strong, bipartisan support in Congress and in the Ways and Means Committee for extending the production tax credit, including a majority of the members of the Subcommittee on Select Revenue Measures, 14 members of the full Committee, and the 95 Members of Congress representing 32 states who have cosponsored the legislation I introduced with Ways and Means colleague Earl Blumenauer (D-OR). Included in my testimony is a letter signed by House Republicans who also believe that an extension of the PTC is consistent with seeking "all of the above" energy solutions and bringing needed policy certainty for American workers, industries, and investors.

Moving forward, how the Committee addresses an extension of the PTC can have a significant impact on the path to tax reform. I am encouraged that the wind industry is already contemplating how it might transition off of the PTC as the industry matures; this kind of advanced thinking is needed more broadly in our ongoing deliberations about tax reform. Both congressional Republicans and President Obama have called for an "all of the above" energy policy strategy, and tax policy is an integral – if not foundational – component of any strategy to lower energy costs for American families and businesses, diversify our nation's energy supply, and move toward energy independence. In taking up energy tax reform, the Committee should continue to consider how tax policy intersects with our nation's natural and renewable energy resources, the issues of energy transmission and storage, and increasing energy efficiency in homes, buildings, and vehicles.

The reduced ***five-year holding period for built-in gains in small businesses organized as S corporations*** is another tax provision that leverages private capital and creates American jobs. This common sense measure that I authored as part of a broader package with Congressman Ron Kind (D-WI) enables S corporations to access their own capital sooner. An April 2011 study

by Dr. Robert Carroll (Ernst &Young) found that businesses organized as flow-through entities account for more than half of all private sector jobs in the United States, and 56% in Washington State. One out of every four of these workers is employed by an S corporation.

Enabling scores of these businesses to continue unlocking their own capital sooner is one of many actions Congress can take to help small businesses access the resources needed to grow their businesses and create jobs. The holding period for built-in gains reverted to 10 years with the expiration of this provision in 2011 – meaning that if Congress fails to act, businesses that converted to S corporation status must wait a decade to access their own capital or face a punitive tax.

I am grateful that Subcommittee Chairman Tiberi cosponsored my *S Corporation Modernization Act*, and I would also like to submit for the hearing record a letter from 13 organizations representing millions of small businesses across America who support an extension of this provision.

Individual Extenders that Leverage Private Capital and Invest in Communities

Just as I urge the Committee to consider business tax extenders that leverage private capital, so too should the Committee consider individual tax extenders that do the same for the broad benefit of communities. Tax incentives that encourage investment in education and philanthropy merit strong support.

I am proud to champion an extension of the ***deduction for educators' out-of-pocket classroom expenses*** (H.R. 1738), a long-standing, bipartisan priority for this Committee that was previously sponsored by now-Chairman Dave Camp (R-MI) and currently enjoys the support of 98 Members of Congress, 10 of whom serve on the Ways and Means Committee.

Strong public education depends in part on equipping teachers with adequate resources to help students succeed. According to 2006 data from the National Education Association (NEA), educators spent an average of $477 out of their own paychecks just to purchase basic classroom supplies like books, pencils, and paper. The National School Supply and Equipment Association released data from the 2009-2010 school year demonstrating that public school teachers spent more than $1.3 billion out-of-pocket on classroom materials. Ninety-two percent of teachers polled reported that they had spent some of their own money on classroom materials.

These educators are demonstrating such a commitment to investing in their students that they are reaching into their own pocketbooks to provide classroom materials and further their own professional development. Extending the deduction for out-of-pocket classroom expenses has a leveraging effect by recognizing and encouraging the continued personal financial investment these educators are making in their students. I am pleased to include with my testimony a statement from the 3.2 million members of the NEA in support of my bill.

Similarly, I strongly support ***tax policy that encourages charitable giving***. Congressman John Larson (D-CT) and I have worked closely together to support the philanthropic efforts of public charities and private foundations. Especially in these difficult economic times, charities and foundations play an increasingly important role in providing basic services for children, families, and others struggling to make ends meet. I have seen firsthand the impact that philanthropic organizations like Northwest Harvest, the College Success Foundation, Habitat for Humanity, the United Way of King County, the Gates Foundation, and the Newman's Own Foundation are making in underserved communities in Washington State and across the country. The Committee should remain mindful of the role that tax policy can play in leveraging charitable giving to organizations that do so much good for those in need.

In closing, I commend the Subcommittee for holding this hearing and providing members on and off of the Ways and Means Committee with the opportunity to share their views on expired or expiring tax provisions. I am eager to continue working closely with my Committee colleagues on both sides of the aisle to review and advance 'tax extenders' that leverage private capital and create jobs as we make further progress toward comprehensive tax reform.

DAVE REICHERT

Member of Congress
Eighth District, Washington

Congress of the United States
Washington, DC 20515

April 26, 2012

The Honorable Pat Tiberi
Chairman
U.S. House Ways and Means Subcommittee on Select Revenue Measures
106 Cannon House Office Building
Washington, DC 20515

Dear Chairman Tiberi:

As fellow members of the House Republican Conference, we applaud your ongoing efforts to advance comprehensive tax reform and your careful review of many expired or expiring tax provisions as a component of the drive for reform. As your Subcommittee on Select Revenue Measures considers extending certain tax provisions and eliminating others, we urge you to ensure that the renewable energy production tax credit (PTC) is extended while Congress works to achieve comprehensive tax reform.

The production tax credit, first enacted in 1992 and extended seven times under both Republican and Democratic Congresses, enjoys broad support across regions and the political spectrum. In the past six years, the production tax credit has helped nascent energy industries mature, supported hundreds of manufacturing facilities located in nearly every U.S. state, and leveraged billions of dollars in private investment – $60 billion in the wind industry alone, where the credit has successfully grown our domestic manufacturing capabilities from 25% of turbine value to over 60% in the same time frame. The production tax credit is essential to supporting thousands of American manufacturing and services jobs and to reducing American businesses' and families' electricity bills. And unlike federal spending programs that enable politicians and agency bureaucrats to pick winners and losers, the production tax credit can only be claimed by fulfilling its intended purpose – producing American-made energy.

As a Conference, we have time and again committed to "all of the above" energy solutions and to delivering job creators needed certainty in federal policies and regulations. Extending the renewable energy production tax credit would enable us to demonstrate House Republicans' continued efforts to achieve both objectives. Nowhere is policy and regulatory certainty more important than in capital-intensive industries that require substantial financing to bring facilities online.

Furthermore, the failure to extend the production tax credit could have a dire immediate and long-term impact on American jobs and our country's energy supply. The production tax credit for wind is set to expire at the end of this year and for other renewable resources in 2013, and the economic impact of the looming expiration is already being felt nationwide. Unlike other tax provisions, where late, lapsed, or retroactive extensions may be little more than an inconvenience, delays in extending the production tax credit are particularly devastating – when the credit lapsed for several months in 2002 and 2004, wind project installations plunged 73% and 77%, respectively. Given that the industry's manufacturing base has more than doubled since 2004, the failure to extend the production tax credit puts far more American jobs at risk today. With energy prices volatile and economic recovery fragile at best, now is not the time to let history repeat itself and freeze private investment in industries that put Americans to work lowering electricity costs for other Americans.

As your Subcommittee evaluates tax 'extenders' in the context of comprehensive tax reform, we urge you to consider the economic impact of extending the production tax credit while working toward tax reform and to include an extension in the next available tax legislation.

Sincerely,

DAVE REICHERT
Member of Congress

CHARLES BOUSTANY
Member of Congress

JIM GERLACH
Member of Congress

CHARLIE BASS
Member of Congress

TOM COLE
Member of Congress

RICK CRAWFORD
Member of Congress

ROBERT DOLD
Member of Congress

MICHAEL FITZPATRICK
Member of Congress

TIMOTHY JOHNSON
Member of Congress

STEVE KING
Member of Congress

TOM LATHAM
Member of Congress

FRANK LUCAS
Member of Congress

KRISTI NOEM
Member of Congress

TODD PLATTS
Member of Congress

JIM RENACCI
Member of Congress

JON RUNYAN
Member of Congress

April 26, 2012

Extend the 5-Year Holding Period for Built-In Gains

Dear Members of the House Ways and Means Committee:

As representatives of America's small and closely-held businesses, we respectfully encourage you to extend the 5-year holding period for built-in gains, a key provision of the bipartisan *S Corporation Modernization Act* (HR 1478) introduced by Ways and Means Committee members Dave Reichert (R-WA) and Ron Kind (D-WI).

Small businesses are the engine of America's economic growth and S corporations are the cornerstone of the small business community. There are nearly 4.5 million S corporations nationwide. They are in every community and every industry. A recent study by Dr. Robert Carroll (Ernst & Young) found that S corporations are a significant source of jobs as well, employing one out of every four private sector workers.

Unlike public companies, these closely-held businesses have little or no access to the public capital markets. They rely on banks, they rely on relatives, and they rely on their own assets for investment and working capital. An overly long built-in gains tax exacerbates this disadvantage by preventing converted S corporations from putting the capital they already control to better use.

S corporations should not be blocked from accessing their own capital; these are critical resources that allow private companies to grow their businesses, create jobs, and remain competitive.

On behalf of America's Main Street business community, we respectfully ask that you extend the 5-year holding period for built-in gains.

Thank you for your consideration.

Sincerely,

American Council of Engineering Companies
Associated Builders and Contractors, Inc.
Independent Community Bankers of America
National Beer Wholesalers Association
National Federation of Independent Business
National Funeral Directors Association
National Small Business Association
Printing Industries of America
Professional Beauty Association
Roofing Contractors Association
S Corporation Association
U.S. Chamber of Commerce
Wine and Spirits Wholesalers of America

NATIONAL EDUCATION ASSOCIATION

Great Public Schools for Every Student

Testimony Submitted for the Record
U.S. House of Representatives Committee on Ways and Means
Subcommittee on Select Revenue Measures

Hearing on Certain Expiring Tax Provisions
April 26, 2012

Chairman Tiberi and Members of the Subcommittee. On behalf of the 3.2 million members of the National Education Association (NEA), we thank you for the opportunity to submit these comments for the record in conjunction with the hearing on certain expiring tax provisions. These comments focus on two specific expiring tax policies – the educator tax deduction and the Qualified Zone Academy Bond (QZAB) program.

Extend the Educator Tax Deduction

NEA strongly supports an extension of the educator tax deduction. This critical deduction, which expired at the end of the 2011 tax year, helps recognize the financial sacrifices made by teachers and education support professionals.

Educators often reach into their own pockets to purchase classroom supplies because they want to make sure students have what they need to succeed. Studies show that educators are spending more of their own funds each year to supply their classrooms and purchase essential items such as pencils, glue, scissors, and facial tissues. According to NEA's most recent survey, 97 percent of educators surveyed indicated that, in 2006, they had spent some of their own money to meet the needs of their students. These educators spent an average of $477 a year out of their own pockets to purchase classroom supplies such as books, pencils, paper, and art supplies.[1]

Many educators are finding the need to reach into their own pocket has increased in these difficult economic times, as funding cuts lead to shortages in essential supplies and more students come to school without basic learning tools. A large majority of educators also spend an average of $15 a month out of their own pockets to feed students. (*Status of the American Public School Teacher 2005–2006*, March 2010.)[2]

The need for these expenditures is not surprising. According to First Focus:

- 2.7 million more children lived with an unemployed parent during a typical month in 2011, compared to 2007 (an increase of 71%), bringing the 2011 total to 6.5 million children;
- 3 million (47% of those living with an unemployed parent) lived, during a typical 2011 month, with a parent unemployed six months or longer;
- 8 million more additional children relied upon SNAP for food in 2011, compared to 2007, bringing the total number of children receiving SNAP to 21 million (one in four);
- 16 million children (more than one in five) currently live in poverty[3]

The educator tax deduction is a bipartisan recognition of educators' financial sacrifices as well as of the needs of students who lack even the basic necessities for success in school. Extending it will make a real difference for many educators, who often must sacrifice other personal needs in order to pay for classroom supplies and instructional materials.

[1] National Education Association, *Status of the American Public School Teacher 2005–2006*, March 2010.
[2] Ibid.
[3] *The Recession's Ongoing Impact on America's Children: Indicators of Children's Economic Well-Being Through 2011*, Julia Isaacs, Brookings Institution, December 2011.

Expand the Educator Tax Deduction
We also strongly support the Teacher Tax Relief Act (H.R. 1738), introduced by Representative Reichert (R-WA). This bill would expand the educator deduction to cover professional development expenses, increase it from $250 to $500, and make the deduction permanent. Teacher quality is the single most critical factor in maximizing student achievement. Ongoing professional development is essential to ensure that educators stay up-to-date on the skills and knowledge necessary to prepare students for the challenges of the 21st century. Expanding the deduction to cover professional development expenses would make a critical difference in helping educators access quality training.

Extend the QZAB Program
NEA also supports extension of the Qualified Zone Academy Bonds program. On average, the buildings that house our public schools are more than 40 years old.[4] The American Society of Civil Engineers gives the condition of our schools a grade of "D" and attributes the failure to upgrade them to "problems in the financial sector and declining revenues for states and local governments."[5] According to Fix America's Schools Today (FAST!), a project of the Economic Policy Institute and the 21st Century School Fund schools need an estimated $500 billion in repairs and upgrades.

The QZAB program has proven to be an efficient and cost-effective way to help disadvantaged communities address pressing renovation and repair needs. QZABs assist school districts in rural and urban communities by providing a financing mechanism to renovate buildings and invest in equipment and technology. Investors receive a federal tax credit equal to the amount of interest payable on the bonds, thereby relieving local taxpayers and municipalities of the interest burden.

A school that is awarded a QZAB may use the funds to:

- renovate and repair buildings;
- invest in equipment and up-to-date technology;
- develop challenging curricula; or
- train quality teachers.

The QZAB program expired at the end of the 2011 tax year. We urge Congress to extend this critical program.

Thank you for your consideration of these comments.

Submitted on behalf of:

The National Education Association
1201 16th Street, NW
Washington, DC 20036
202-822-7300
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[4] *National Center for Education Statistics*
[5] *Report Card for America's Infrastructure, 2009*

Rep. David Dreier, Statement

May 10, 2012

Committee on Ways and Means
Select Revenue Measures Subcommittee
Chairman Camp and Ranking Member Levin
Hearing on Certain Expiring Tax Provisions
Thursday, April 26, 2012

Chairman Camp and Ranking Member Levin,

We are writing to urge the Committee on Ways and Means to include in the tax extender legislation being considered, language, commonly known as Section 181, which will maintain film and television productions in the United States.

The United States Film and Television Industry

The film and television industry is a vital component of the United States economy. It generates a positive balance of trade in virtually every country in which it does business, and employs over 2 million American workers, both directly and through a myriad of businesses that provide the foundation and support to this industry. In total, nearly \$137 billion in wages were paid to those workers in 2009, including writers, performers, producers, crafts people, technicians, accountants, cinema employees, and many more employed in ancillary businesses. Few industries in the world can match what the US film and television business has achieved since its creation over 100 years ago.

Contrary to popular perception, the film and television business is mainly comprised of a network of small businesses located across the country, of which 83% employ fewer than 10 people. The industry contributes billions each year to United States companies, entrepreneurs and small businesses and generates over \$15 billion annually in state and federal taxes.

With production of films and TV programs occurring throughout the United States, this industry creates well-paying jobs and generates tangible economic benefits to cities and states nationwide. A typical motion picture employs 350-500 people. Production jobs have an average salary that is 73% higher than the current nationwide standard. A major motion picture shooting on location contributes \$225,000 every day to the local economy, so it is no surprise that it is seen as a critical engine of economic development in many places across the country.

The History of Section 181

In response to a growing number of foreign countries implementing policies to attract American productions, Congress included provisions, known as Section 181, in the Conference Report to the American Jobs Creation Act of 2004, P.L. 108-357 (JOBS). The provision was amended in 2008 to further encourage production to remain in the United States and renewed as part of the tax extenders packages included in the Emergency Economic Stabilization Act, P.L. 110-343 and then again in 2010 in the Tax Relief Unemployment Reauthorization and Job Creation Act, P.L. 111-312.

Importance of Section 181

Section 181 was originally created by the JOBS Act with our strong support. The provision is a modest, yet important tool to help ensure that feature film and television productions remain in the United States. Section 181 helps to counteract the foreign incentives by lowering the cost of capital for domestic production by providing immediate expensing on the first $15 million of film production costs. To be eligible, 75% of the production must occur in the United States.

Additionally, the film industry has been excluded from general provisions to increase business investment in this country, including bonus depreciation measures which cover virtually every other American industry. In recent years, one factor justifying the discriminatory treatment of film investment under the bonus depreciation provision was the existence of Section 181. To end this vital provision at a time when other industries still receive far greater incentives for capital investment would not only be unfair, it would hasten migration of film and television production overseas. This industry, which is such an important economic engine for many cities and states, should not be singled out for a tax increase.

Extending Section 181 will continue to promote capital investment and production in the United States. This will not only help to promote well-paying film industry jobs, but will also have a ripple effect across broad sectors of the economy by generating revenue and employment opportunities for a wide range of local businesses, such as caterers, dry cleaners, lodging, equipment rental facilities, transportation vendors, and many others.

We urge the Committee on Ways and Means to include the Section 181 provision in the tax extender legislation currently under review.

Sincerely,

DAVID DREIER
Member of Congress

HOWARD L. BERMAN
Member of Congress

THE HONORABLE DEVIN NUNES

COMMITTEE ON WAYS AND MEANS

STATEMENT REGARDING EXTENSION OF THE DEDUCTION FOR MORTGAGE INSURANCE

April 26, 2012

Mr. Chairman, thank you for holding this hearing on expired and expiring tax code provisions. It is vital that the Committee review these provisions to determine their benefit and extend only those provisions that have proven particularly effective in providing benefit to taxpayers.

Among the expired tax provisions which unquestionably merit extension is the deduction for mortgage insurance premiums. This provision provided critical support to the housing market, and assisted responsible, credit-worthy low and moderate income families in purchasing homes by enabling them to obtain the necessary financing. In addition, mortgage insurance provided much needed support to mortgage markets, and greatly facilitated the origination and marketing of mortgage loans.

According to the Internal Revenue Service, in 2009, the mortgage insurance premium deduction was claimed on 3.6 million tax returns totaling nearly $5.5 billion in deductions in which a majority of filer incomes were under $60,000. Few tax provisions which expired at the end of 2011 benefited more individuals. Only the AMT patch and the deductions for state and local sales taxes and education expenses benefited more taxpayers. More importantly, no expired provision targeted low and moderate income individuals in the same way the deduction for mortgage insurance premiums did, or provided greater benefit to taxpayers.

Mortgage insurance premium deduction is also good economic policy. Mortgage insurance premiums are the economic equivalent of interest payments. Mortgage insurance has a direct and quantifiable impact on interest expenses—with mortgage insurance, credit risk declines, and a corresponding reduction in interest costs. Consequently mortgage insurance premiums and interest payments should be treated similarly by the Internal Revenue Code.

The deduction for mortgage insurance premiums expired at the end of last year, risking further disruption in the housing market. Ideally, the provision would be made permanent, and I have introduced legislation, H.R. 1018, which would achieve this goal. The legislation would continue the mortgage insurance premium deduction as it had been in effect through 2011, and retain important limitations which make the deduction available only to low and moderate income homebuyers.

Lawmakers from across the political spectrum have recognized the policy merits of this legislation. The deduction for mortgage insurance premiums has earned broad bipartisan support—it was first enacted by a Republican Congress and signed into law by a Republican President, and was extended by a Democratic Congress and Democratic President.

Thank you again, Mr. Chairman. I look forward to working with you and the Committee to ensure extension of the mortgage insurance premium deduction.

Mr. Chairman, I am here today to acknowledge the merits of extending some of the tax provisions this body has addressed in the past that benefit both individuals and businesses.

Businesses of all sizes in Tennessee tell me how worried they are that one more tax increase or mandate from Washington might sink them; and individuals are at risk of seeing their tax bills go up at the end of this year.

1. Mortgage Interest Deduction
2. State Sales Tax Deduction – Brady HR 476
3. Charitable Tax Deduction – Tiberi HR 860
4. R&D Tax Credit – Brady HR 1265
5. 15-year depreciation – Gerlach HR 1265

1. Home Mortgage Interest Deduction

Home owners who itemize their taxes can deduct 100 percent of their mortgage interest payments on their home for up to $1 million of mortgage debt and $100,000 of home equity loans.

For most home owners, this means they can deduct ALL of their mortgage interest on their home. This particularly makes the cost of owning a home much more affordable for first-time home buyers and those who have been in their home for just a few years, since the bulk of their monthly house payments go toward interest, which is fully deductible.

Housing and homeownership are critical to a strong and prosperous nation. Ever since the federal income tax was introduced in 1913, the government has used the tax code to encourage homeownership.

New home construction spurs productivity, creates jobs for millions of Americans, and generates revenues for all levels of government.

Reducing, eliminating or otherwise changing the value of the mortgage interest deduction could cause the value of housing to drop even more — perhaps by as much as 15% in some markets. This decline would be in addition to the 30% decline that some markets have experienced.

A poll taken in January 2012 showed that Americans still overwhelmingly consider homeownership a core value and would oppose efforts to weaken or eliminate the mortgage interest deduction or diminish a federal role to help qualified home buyers obtain affordable 30-year mortgages. (NAHB/NAR)

As Congress, and the Ways and Means Committee studies the various deductions under the robust tax reform process, I will be certain to ensure any changes to the tax rules that apply to home ownership will not disrupt the market and cause home values to further decline.

2. State Sales Tax Deduction

I agree with the Governor of my state that the state and local sales tax deduction is especially important to Tennesseans, as it is to the six other states including Texas, Florida, Washington, Wyoming, South Dakota, and Nevada that are without an income tax. That is why I am a cosponsor of H.R. 476 to include the extension of the state and local sales tax deduction for when Congress considers a larger tax extension package early next year.

This is an issue of fairness. Since 2004 when the deduction was restored Congress has agreed that taxpayers in sales tax states should be treated equally in the tax code as taxpayers in states that rely upon an income tax. Sales taxes add up for families. We're trying to protect them from a significant tax increase and help them stretch their pocket books a little further.

Taxpayers in the seven states who itemize their deductions have come to depend on the provision. This deduction puts extra money in Tennesseans' pockets which helps any family's budget.

3. Charitable Tax Deduction – Larson HR 860

Unlike other tax incentives, the charitable deduction encourages behavior that enriches communities rather than individual taxpayers because it successfully encourages taxpayers to give more.

According to the recent CBO report on the tax treatment of charitable giving, tax filers who reported AGI of at least $100,000 in 2008 were responsible for well over half (about 58 percent) of all charitable giving by taxpayers.

Americans strongly support the charitable deduction. In an April 2011 Gallup poll, 71 percent opposed eliminating the charitable deduction to lower the overall income tax rate, and 68 percent opposed eliminating the charitable deduction to reduce the federal budget deficit. More Americans supported the charitable deduction than the home mortgage interest deduction or state and local tax deduction.

As charities struggle to meet increased demands for their services and raise additional funds, we need to encourage all individuals, regardless of income and wealth, to give more to charitable organizations. Reducing the value of the charitable deduction does the exact opposite and would fundamentally change a tax structure that has contributed to a cherished tradition of charitable giving that is unmatched in the world.

4. R&D Credit - Brady HR 942

Congress has extended the Research and Development tax credit 14 times since it was originally enacted in 1981. The R&D credit has provided an important incentive to spur private sector investment in innovative research by companies of all sizes and in a variety of industries.

The enactment of this incentive helped establish the U.S. as a leader in innovative research. In fact, during the 1980s, the U.S. was the leader among OECD countries in providing the best R&D incentives for companies. However, many of our foreign competitors have since instituted more generous R&D incentives in the decades following, causing the U.S. to drop below the top 10, and today ranks 24th in research incentives among industrialized countries. The temporary nature of U.S. R&D incentives is a strain on U.S. companies. Providing the certainty of a permanent credit, especially in a tax reform environment, is critical to maintaining U.S. leadership in innovative research and ensuring that U.S. companies will continue to do their R&D here in the U.S.

This legislation would provide important certainty for U.S.-based research spending by making the R&D tax credit permanent as well as simplifying and strengthening it, thereby increasing its effectiveness. That is why I am a cosponsor of H.R.942, the American Research and Competitiveness Act of 2011 introduced by Mr. Brady of Texas.

5. 15-year depreciation – Gerlach HR 1265

Generally, the depreciation period for commercial buildings and improvements is 39 years. Congress has modified the depreciation schedules for certain types of property over time. In addition to better reflecting the unique characteristics of property used in certain types of commerce, shortening the depreciation schedule stimulates economic and job growth.

Under current law, businesses do not have the certainty they need to undertake capital expenditures. Such capital expenditures fuel economic activity and create jobs. Our nation's businesses are looking forward, planning capital expenditures to improve and expand their businesses. The ability to plan for these expenditures and know what the tax treatment will be in subsequent years is important to those who are making those decisions right now.

This provision is an important driver of economic stimulus, fueling economic activity and creating jobs. According to the Bureau of Economic Analysis, every dollar spent in the construction industry generates an additional $2.39 in spending in the rest of the economy and every $1 million spent in the construction industry creates more than 28 jobs in the overall economy. History has shown that a 15-year depreciation schedule for leasehold improvements, restaurant improvements and new construction, and retail improvements has spurred a tremendous amount of economic activity.

CLOSING

While our committee moves forward on reforming the code, we must all be on the lookout in this debate. When I was a state representative, some people who wanted to raise taxes and raise government revenue – painted and powdered the idea as "tax reform." Back in the state, I fought against the Tennessee state income tax because I believe the people of my great home state know better how to use their money than the government. I believe that still today. As a member of the tax writing committee in the U.S. Congress, I will continue to fight for fairness in the code for Tennesseans and a more hospitable environment to create jobs.

Thank you Mr. Chairman and to my colleagues on the dias for holding this hearing

And I yield back my time.

DON YOUNG
CONGRESSMAN FOR ALL ALASKA
WASHINGTON OFFICE

Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEE ON
NATURAL RESOURCES
CHAIRMAN, SUBCOMMITTEE ON
INDIAN AND ALASKA NATIVE AFFAIRS
COMMITTEE ON
TRANSPORTATION & INFRASTRUCTURE
REPUBLICAN
POLICY COMMITTEE

May 9, 2012

The Honorable Pat Tiberi, Chairman
Select Revenue Measures Subcommittee
U.S. House Committee on Ways and Means
1101 Longworth HOB
Washington, D.C. 20515

The Honorable Richard Neal, Ranking Member
Select Revenue Measures Subcommittee
U.S. House Committee on Ways and Means
1139E Longworth HOB
Washington, D.C. 20515

Dear Chairman Tiberi and Ranking Member Neal,

I am pleased to submit this request in connection with the April 26, 2012 hearing of the House Committee on Ways and Means Subcommittee on Select Revenue Measures on the important topic of expiring tax provisions. As you know, the Alaska Native and Native American community is generally recognized as among the most economically disadvantaged populations in the United States. These expiring tax incentives represent a direct method of empowerment for Native Americans and should be extended well into the future.

. As you begin the critical task of reviewing dozens of tax provisions that either expired last year or will expire this year, please consider extending the following tax provisions that Alaska Natives and American Indians depend on to create and sustain jobs.

Extend Section 646: Alaska Native Settlement Trusts

Section 646 of the Internal Revenue Code allows Alaska Native Settlement Trusts to protect, for current and future generations of Alaska Natives, valuable portions of their aboriginal land claims settlements under the Alaska Native Claims Settlement Act. The trusts provide valuable economic and social benefits to Alaska Natives, including cash distributions to provide for basic needs, educational scholarships, cash payments to the elderly and funeral benefits. In the absence of these benefits, many Alaska Natives would simply not have the means to provide for themselves and their families.

With regard to the provision itself, I have introduced H.R. 2320, which would make permanent Section 646 of the Internal Revenue Code, which is currently scheduled to expire on December 31,

2012. Companion legislation, S. 1337, has been introduced in the U.S. Senate by Senators Murkowski and Begich. In August of 2011, the Joint Committee on Taxation estimated that the permanent extension of Section 646 would only cost $41 million over the 10-year budget window.

Section 646 provides an elective regime that allows each Alaska Native Settlement Trust to maximize the benefits it provides to Alaska Natives by (i) providing for a trust-level tax at the lowest individual rate in lieu of any beneficiary-level taxes, (ii) allowing contributions to a trust on a tax-efficient basis, and (iii) providing streamlined administrative reporting.

Section 646 has a unique procedural history, and it is for this reason alone (and not because of any substantive deficiency in its policy merits nor revenue concerns about its cost) that Section 646 is not already a permanent part of the Internal Revenue Code. Section 646 was originally enacted, along with several other provisions, as an unrelated, miscellaneous provision as part of the *Economic Growth and Tax Relief Reconciliation Act of 2001* ("EGTRRA") which, because of the need to use the budget reconciliation process, was subject to a December 31, 2010 sunset provision. Rather than subsequently being made permanent, similar to other unrelated, miscellaneous provisions in the 2001 tax legislation, Section 646 was extended for two years as part of the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010* such that it is now scheduled to expire on December 31, 2012. Once again, the decision to enact a two-year extension (rather than a permanent extension) was not attributable to substantive or revenue considerations relating to Section 646 itself. Rather, it followed from a decision to enact a simple two-year extension of all of the expiring provisions of EGTRRA without assessing the merits of alternative extension periods for each expiring provision being extended. I respectfully request that the Committee remedy this accident of the legislative process and make permanent a provision that should have originally been enacted as such on the first tax legislative vehicle – extender package or otherwise – that is available in the future.

Making Section 646 permanent will finally remove the cloud of uncertainty on the continued viability of the Alaska Native Settlement Trust as a vehicle for fulfilling the promise of the Alaska Native Claims Settlement Act by improving the socioeconomic condition of Alaska Natives, as intended by Congress.

Extend the Indian Coal Production Tax Credit (ICPTC)

The Indian Coal Production Tax Credit (ICPTC) has been critical to keeping Indian coal competitive in the tight marketplace where non-Indian coal is subject to fewer federal requirements. Congress enacted the ICPTC in an effort to neutralize the impact of price differentials created by sulfur dioxide (SO_2) emissions allowances, thereby keeping Indian coal competitive in the regional market.

The 2005 Energy Policy Act established the ICPTC beginning in tax year 2006, based upon the number of tons of Indian coal produced and sold to an unrelated party. Without the credit, the financial stability of coal-mining tribes would be threatened further than it is already by unpredictable market conditions. The loss of coal-mining revenues would have had a devastating impact on these Tribes. In order to protect existing operations and encourage growth, the ICPTC should be made permanent, and I also urge you to consider limited reforms. For example, the ICPTC should be allowed to be used against the alternative minimum tax. Also, the requirement that ICPTC coal be sold to an unrelated person should be deleted to allow and encourage facilities owned, in whole or in part, by Indian Nations to participate and benefit from the credit. However, at a minimum, this vital tax credit should be extended.

Extend Section 168: Accelerated Depreciation

In 1993, Congress recognized that while tax credits were made available to aid in development projects on Indian lands, development efforts were often hampered by a lack of supporting infrastructure surrounding reservations. Tax credits were available for "qualified Indian reservation property," property located primarily on reservations and used by Federal taxpayers when conducting trade or business within such reservations. However, there was little incentive for investors to engage in business or trade with reservations because of the high capital costs associated with building the necessary infrastructure to move goods from these traditionally isolated areas to market. To rectify this situation, Congress enacted Section 168, extending accelerated depreciation allowance eligibility to certain infrastructure property located outside Indian reservations, but connected to reservation infrastructure. Specific examples of such "qualified infrastructure property" listed in Section 168 are "roads, power lines, water systems, railroad spurs, and communications facilities." *See* 26 U.S.C. 168(j)(4)(C).

Section 168 has proved an invaluable investment tool. Since 2003, the provision has been extended repeatedly, but only on a one to two-year basis. While it is valuable to keep this provision alive in the tax code, unfortunately, one or two-year extensions of the accelerated-depreciation provision are insufficient incentive for investment of new capital in Indian country, especially when concerning significant energy projects. Development of these projects generally takes ten years or longer. Investors need greater certainty that the benefit will be available when the project comes on line. Making this provision permanent would make long-term energy projects on Indian lands attractive investment opportunities.

In addition to a permanent extension, it is my understanding that as currently written the depreciation allowance could be interpreted to exclude certain types of energy-related infrastructure associated with energy resource production, generation, transportation, transmission, distribution, and even carbon sequestration activities. As a result, to the extent that confusion may exist over how this benefit applies, the Committee should consider whether any clarifying language is necessary to ensure tribes can fully utilize the depreciation allowance for their benefit and to increase energy infrastructure that benefits Indians and America's economy.

Extend the Ultra Low Sulfur Diesel Credit (ULSD)

Sections 45H and 179B of the Internal Revenue Code of 1986 were enacted by Congress to help defray the considerable costs associated with complying with Environmental Protection Agency (EPA) regulations that required small business refiners to limit sulfur in all diesel fuels to less than 15 parts per million by June 1, 2010. This special tax treatment was afforded to small business refiners in recognition of the enormous capital costs involved in upgrading refineries and the need to ensure adequate supplies of fuel for agriculture, mining, transportation, fishing, and other industries. In issuing the ultra low sulfur diesel (ULSD) fuel standards, EPA noted that "small refiners would likely experience a significant and disproportionate financial hardship" in complying with the regulations.

Under Section 179B, qualifying small business refiners were permitted to deduct, as an expense, up to 75 percent of the costs incurred to comply with the ultra low sulfur diesel (ULSD) standard. Section 45H provided that small business refiners also receive a credit of five cents per gallon of ULSD produced up to an amount equal to the remaining 25% of capital expenses. Only costs incurred up to December 31, 2009 qualified for these special tax treatments.

At the time that these tax benefits were created, it was believed that a 2009 sunset date would provide sufficient lead time to complete the necessary upgrades to comply with the new regulation. Unfortunately, the 2008 financial crisis intervened and the credit necessary to finance many of these projects was difficult, if not impossible, to obtain. On top of financial issues, Alaska refiners were given their own set of compliance dates by the EPA (acting in concert with the State of Alaska) in recognition of the unique market conditions that exist in the state. Notably, while refiners in the lower 48 states had an interim 500 ppm sulfur standard for on-road and off-road diesel fuels (until June 1, 2006 and 2007 respectively), Alaska refiners did not have the interim standard. This separate treatment was largely attributable to Alaska's hugely disproportionate consumption of aviation and heating fuels as compared to motor vehicle fuels.

Thus, the first major deadline for small business refiners in Alaska was June 1, 2006 for producing 500 ppm on-road (motor vehicle) diesel, followed by June 1, 2010 for producing 500 ppm sulfur non-road diesel fuel, and June 1, 2012 for producing 500 ppm locomotive and marine diesel fuel. Not until June 1, 2014 will the ultra-low sulfur <15 ppm standard apply to all diesel fuel grades in Alaska. Alaska's exemption from the "interim" 500 ppm standard meant that small business refinery desulphurization capacity had to be built as a grassroots project as opposed to an incremental change to existing process units - a very expensive proposition.

As a result, I respectively request that sections 45H and 179B be extended for two years, effective January 1, 2010. Such a date will virtually guarantee that all small business refiners will have both sufficient time to convert their facilities to ULSD production and derive the full benefits Congress intended from the tax provisions it saw fit to create.

Thank you again for the opportunity to submit these requests, and for your consideration. I look forward to working with the Subcommittee and your colleagues on the full Committee to ensure that these important benefits for the Alaska Native and American Indian community are continued.

Sincerely,

DON YOUNG
Congressman for All Alaska

DONNA M. CHRISTENSEN
DELEGATE, VIRGIN ISLANDS

COMMITTEE ON
ENERGY AND COMMERCE

FIRST VICE PRESIDENT,
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MEMBER, CONGRESSIONAL CAUCUS FOR
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Statement
of the
Honorable Donna M. Christensen
Before the
House Ways and Means Select Revenue Subcommittee

April 26, 2012

Mr. Chairman and Distinguished Members of the Select Revenue Subcommittee, I am pleased to have the opportunity to present testimony in support of H.R. 4374, legislation I introduced with Puerto Rico Resident Commissioner Pedro Pierluisi to extend the rum tax cover-over provision for the next two years.

First of all, I would like to explain what the rum tax cover-over is and what it is not. It is not a tax credit or a tax benefit for businesses or individuals. The cover-over does not increase taxes; it does not decrease taxes. The tax policy behind the cover-over is not temporary or new.

Rather, the cover-over is part of the fundamental tax relationship between the United States and its Territories that goes back over 100 years, before there was even an income tax. When the United States acquired Puerto Rico and the Virgin Islands at the turn of the last century, Congress generally exempted these new Territories — not then destined for

Statehood — from the application of the U.S. Internal Revenue laws, including federal excise taxes on manufactured goods.

In order to protect domestic manufacturers from untaxed Territorial manufacturers, however, Congress from the very beginning imposed on products manufactured in Puerto Rico and the Virgin Islands a tax "equal to the internal revenue tax imposed in the United States upon like articles of domestic manufacture." Thus, the tax imposed on rum manufactured in the Virgin Islands and Puerto Rico and shipped to the United States is not an ordinary excise tax intended to raise revenue for the United States, but rather, as the courts have recognized, an "equalization" tax intended to regulate commerce between the Territories and the United States and to preserve a "level playing field" between Territorial and mainland distillers. Accordingly, Congress, as part of the Organic Acts that govern the relationship between the United States and the Virgin Islands and Puerto Rico, provided that <u>all</u> such equalization taxes be returned, or "covered over," to the treasuries of the respective Territories.

These fundamental principles have been in force since 1900. In 1984, Congress increased the excise tax of rum from $10.50 per proof gallon to $12.50, but also provided — for the first time in the history of the Territorial relationship — that the proceeds of the increase in the rum equalization tax would be retained by the United States. Congress later increased the rum tax to $13.50 per proof gallon, but it was not until more than a decade later that Congress revisited and restored the cover-over policy that existed for the greater part of this past century.

In 1999, Congress increased the cap on the rum taxes covered back to the Territories to $13.25, but for budget reasons was only able to do so for a two-year period. The so-called "rum tax extender" has been regularly and seamlessly extended ever since, along with a group of other expiring tax provisions.

Today, the Virgin Islands Government issues bonds, backed by these rum taxes, to finance construction of schools, hospitals, and other essential public works in the Territory. Any funds not encumbered are used to support general expenses of the Government and modernize the rum industry. In addition to maintaining the Federal-Territorial tax relationship, the cover-over legislation is critical to the Government's efforts to resolve its fiscal crisis. Extension of the rum tax cover-over rate will also help mitigate significant revenue losses associated with the recent decision by HOVENSA to shut its oil refinery on St. Croix, the largest private sector employer in the Territory and one of the 10 largest refineries in the world.

Accordingly, I strongly urge the support of the Subcommittee for the timely extension of the rum tax cover-over rate.

Thank you very much.

Testimony of The Honorable Donna F. Edwards
Ways and Means Subcommittee on Select Revenue Measures Hearing on "Certain Expiring Tax Provisions"

Chairman Tiberi and Ranking Member Neal, thank you for the opportunity to provide testimony for the record of the April 26, 2012, Ways and Means Subcommittee on Select Revenue Measures hearing to examine "certain expiring tax provisions." As the Select Revenue Measures Subcommittee considers proposals related to the extension, modification, or termination of tax extenders, I urge you to consider proposals that will spur innovation and promote job creation. One such program is the permanent extension of the research and development (R&D) tax credit.

The R&D tax credit is vital to our nation's economic growth and long-term stability. The Congressional Research Service (CRS) notes that "technological innovation is a major driving force behind long-term economic growth, and R&D serves as the lifeblood of this innovation." It is critical that the federal government play an integral role in incentivizing companies to pursue R&D domestically, increase their productivity growth, and sustain a level of economic performance critical to growing our economy.

The R&D tax credit was first enacted in mid-1981 and since that time, has been extended 14 times and significantly modified five times. During the 111th Congress, the American Recovery and Reinvestment Act (P.L.111-5) extended the tax credit and, when it expired in 2009, President Obama expressed support for a permanent extension of the credit. The Tax Relief, Unemployment Compensation Reauthorization, and Job Creation Act (P.L. 111-340) extended the credit through December 31, 2011. I am part of a growing coalition of Members of Congress, outside groups, and members of the business community who are working toward a permanent extension that would provide incentives for U.S. businesses to maintain and increase R&D jobs here in the U.S.

While many high-technology companies developed innovative technologies that can help the United States maintain its leadership in the 21st century global economy, manufacturers are moving production of these high-value products outside of the country. In order to sustain growth here at home, we must incentivize domestic manufacturing of these innovations to create good-paying, American jobs across all skill levels.

The permanent R&D tax credit will benefit many small, medium and large companies that collectively employ millions of American workers engaged in research based in the U.S. These businesses cover major sectors of our economy including aerospace, biotechnology, chemicals, electronics, energy, information technology, manufacturing, medical and health technologies, pharmaceuticals, software, and telecommunications. Such companies collectively spend billions of dollars annually on R&D, and these dollars provide for many high-wage and high-skill employment opportunities. These businesses are left to decide whether they will spend those dollars here in the U.S. or abroad. For many, the decision on where to create these R&D jobs comes down to a choice between either the temporary U.S. R&D tax credit, or the more attractive and often permanent research incentives abroad. A permanent U.S. R&D tax credit is therefore a job creating proposition for the U.S. economy in a time when we desperately need to continue our climb to economic recovery and stability.

Such a proposal has received significant bipartisan support across this nation in the past. In a national poll conducted by the Alliance for American Manufacturing, 94% of Americans, including 95% of Republicans, 93% of Tea Party supporters, and 96% of Democrats, support providing a tax credit to companies that conduct R&D in the country and make their products here as well. President Obama proposed a permanent extension in his budget request for Fiscal Year 2013, and a number of my colleagues have introduced measures to extend or modify the R&D tax credit during the 112th Congress. All these proposals indicate that support for a permanent extension and enhancement of the credit is robust.

To that end, I introduced H.R. 689, the 21st Century Investment Act, during the 112th Congress. This legislation will support and extend the R&D tax credit, and link it to an incentive for domestic manufacturing. This legislation would extend the R&D tax credit permanently; raise the rate of the regular credit from 20 to 25 percent for contract research performed within the United States; and increase for ten years the domestic manufacturing tax credit from 9 to 15 percent. I urge you to consider a permanent extension of this proposal to both spur innovation and promote the economic growth necessary for our nation's continued prosperity.

According to the Information Technology and Innovation Foundation, the United States was the pioneer behind the R&D tax credit in the 1980s, spurring economic gains and the adoption of similar credits in countries around the world. Since then, many nations surpassed the United States with far more generous tax incentives for research. In fact, according to the Organization for Economic Co-operation and Development (OECD), by 2009, the U.S. had fallen to 24th among 38 industrialized countries offering R&D tax incentives behind countries like India, Brazil, China, Korea, Singapore, and Canada. As a result of our policies, the U.S. share of global R&D will continue to fall.

I urge the committee to give serious consideration to the proposal outlined above as a means by which to restore the United States at the helm of research, development, and manufacturing in the 21st century. The social returns on R&D investments will enrich the country significantly and help improve our nation's economic outlook and future viability.

Congressman Earl Blumenauer

Testimony for the Record on Expiring Tax Provisions

Subcommittee on Select Revenue Measures

Committee on Ways and Means

May 7, 2012

Thank you Chairman Tiberi, Ranking Member Neal, and members of the Subcommittee for the opportunity to testify about the tax provisions that either have or will expire in the near future. As our committee evaluates tax provisions that either expired in 2011 or will expire in 2012, I write to emphasize both my support for comprehensive tax reform and my concern that care be exercised in the evaluation of temporary and other tax provisions. Some extenders reflect successful approaches to challenging problems in our communities, while others represent important tools to promote job creation, innovation, and economic growth.

The following written testimony expands on my remarks at your subcommittee on April 26. In addition, I am also including a letter signed by many of my Democratic colleagues calling for the extension of the production tax credit as soon as practicable.

In my verbal testimony, I emphasized that the extension of the production tax credit under section 45 of the tax code is firmly in the national interest and a vital component of America's future competitiveness. Many other tax extenders also play a key role in strengthening our communities, building opportunities, and creating jobs. While certain tax provisions may be unnecessary and deserve elimination, in other cases outright elimination is not the appropriate response for our committee. Instead, we should build on provisions that are working and reform provisions that are failing to achieve the outcomes we have set for them. For that reason, I have not included a comprehensive list in my testimony, but I would emphasize the value of the following provisions. I look forward to working with the Committee as we review the tax code in advance of the significant challenges we face by the end of the year and as we embark on comprehensive reform of our tax code.

Extension of the Production Tax Credit, HR 3307

The production tax credit under section 45 of the tax code, first enacted in 1992 and extended seven times under both Republican and Democratic congresses, enjoys broad support across the country and across the political spectrum. HR 3307, introduced by Mr. Reichert and myself, and supported by many cosponsors on our committee and on both sides of the aisle, supports multiple technologies, such as wind, biomass, and geothermal, each contributing to a more resilient and cleaner energy mix.

Our committee should continue evaluating these incentives and updating them to reflect industry innovations, new technologies, and an improved understanding of these resources. For instance, our committee could consider the most efficient mechanism to support the development of offshore renewable resources such as marine energy and offshore wind, or in meeting the longer development horizon of geothermal energy.

A strong renewable energy sector strengthens our energy security, insulates our businesses and consumers from price fluctuations, and protects our environment. We spend hundreds of billions of dollars abroad each year to fuel our economy. The production tax credit is a better investment, helping us unlock a nearly unlimited source of domestic energy while driving investment in a market projected to grow to more than $2 trillion by 2020. The uncertainty caused by the looming expiration of the credit is already hampering future industry growth. Given our expanding but still fragile economy, now is not the time to undermine these substantial public and private investments.

Railroad track maintenance credit, HR 721

Together with my colleague Congresswoman Lynn Jenkins, I introduced the Short Line Railroad Rehabilitation and Investment Act of 2011. It currently has 252 cosponsors spanning party and ideological lines. The bill extends the tax credit available for short line railroad track maintenance under section 45G. During the past eight years this credit has had extremely strong Congressional support, which is consistent with the industry's success in redeveloping abandoned track and track spurs and in building successful small companies that provide shipping options across the country.

There are now more than 550 short line railroads connecting over 10,000 rail customers to the national main line rail network while preserving nearly 50,000 miles of track that otherwise would have been abandoned by the large Class I railroads. Often these track miles received little investment by its previous Class I owners and must be upgraded and maintained. These freight rail connections are critical to preserving the first and last mile of connectivity to factories, grain elevators, power plants, refineries, mines, and transload facilities that employ over one million Americans. In doing so, they keep 30 million truckloads a year off the highway, saving $1.3 billion per year in highway damage costs. The tax credit available under section 45G supports a vast array of American businesses and extension of the credit should be a priority for our Committee.

Tax-free distributions from individual retirement plans for charitable purposes, HR 2502

Together with my colleague Congressman Wally Herger, I introduced HR 2502, the Public Good IRA Rollover Act of 2011 and we count several other Republican members of the Ways and Means Committee as cosponsors. The provisions of HR 2502 build off of the Pension Protection Act of 2006, led by Speaker Boehner and which I voted to support. The Public Good IRA Rollover Act is strongly supported by charities, foundations, and universities across the country. By allowing tax-free donations from IRAs under certain circumstances, this legislation drives charitable giving and empowers charitable work across the country. In 2010, for instance, as a result of expanded opportunities to give using this provision, donors contributed $7.77 billion to donor-advised funds, an increase of 25.5 percent compared to 2009. This increase allows community foundations—which make as much as two-thirds of their grants from donor-advised funds—to attract new sources of support. Community foundations are often the first place our constituents turn to when in need of help and represent a source of critical assistance to our communities. This legislation provides valuable resources for communities across the country and Congress should continue its policy of supporting these charitable endeavors.

Parity for exclusion from income for employer-provided mass transit and parking benefits, HR 2412 (see also HR 1825)

While qualified transportation fringe benefits under section 132 are a permanent feature of our tax code, the statute provides different levels of support between the transit provisions and the parking provisions. The inflation adjustments, over time, have led these two provisions to diverge substantially from community needs. During the past three years, Congress expanded the transit benefit to match the parking benefits and better reflect transit needs. I support this policy, encapsulated by Congressman McGovern's legislation, HR 2412, which several members of this Committee cosponsor, including Congressman Gerlach.

I would also like to highlight that our committee can adopt a cost neutral fix merely by equalizing the parking and transit benefits at a slightly reduced level. It would not penalize those taxpayers who utilize the parking benefit and it would provide a wider array of options to commuters. That solution is reflected in my legislation, HR 1825, the Commuter Relief Act, which has strong support from the transit community and is also cosponsored by Congressman Rangel.

American Research and Competitiveness Act of 2011, HR 942

Many studies have found that the average social returns to private investments in research and development exceed the average private returns. While this translates into increased consumer benefits, it also represents a market failure, which the government has a key role in remedying. By reducing the after-tax cost of research, the credit boosts business investment in basic and applied research, and thus enhances long-term U.S. economic growth. I'm proud to support HR 942, which would extend the tax credit for research and development activities under section 41 of the tax code, led by Congressman Brady and Congressman Larson. It represents an important priority for our committee that we should continue to tailor and strengthen to match our commitment to American competitiveness.

New markets tax credit, HR 2655

The New Markets Tax Credit Extension Act of 2011, led by Congressman Gerlach and Congressman Neal, and supported by myself and numerous other members of the Committee, extends a highly successful community development model. HR 2655 extends the New Markets program under section 45D of the tax code for a further five years, with $5 billion in annual credit authority and an exemption from AMT for New Market Tax Credit investments. From 2003 to 2010, New Markets investments totaled $20.9 billion and leveraged total project costs of $45 billion, unlocking significant capital from many other partners. These dollars flow into low-income communities traditionally overlooked by conventional capital markets. Our committee should prioritize these investments and support community development around the country.

Conclusion

Thank you for your careful consideration of these incentives. This testimony necessarily represents only a partial list, given the vast changes soon to ripple through our tax code at the end of the year. I look forward to working with my colleagues on the Committee and in the Congress as we evaluate and strengthen those expiring provisions of our tax code and as we work towards a comprehensive reform of our tax code.

Rep. Earl Blumenauer 2, Statement

Congress of the United States
Washington, DC 20515

April 26, 2012

The Honorable Pat Tiberi
Chairman
U.S. House Ways and Means Subcommittee
on Select Revenue Measures
106 Cannon House Office Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
U.S. House Ways and Means Subcommittee
on Select Revenue Measures
2208 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Tiberi and Ranking Member Neal:

As you evaluate tax provisions that either expired in 2011 or will expire in 2012, we write to highlight our belief that extension of the production tax credit is firmly in the national interest and a vital component of America's future competitiveness and we urge its inclusion the next available piece of tax legislation.

The wind industry is creating thousands of jobs across the country, supporting the work of hundreds of wind-related manufacturing facilities, and offering lease payments to thousands of farmers and ranchers. Thirty-eight states have utility-scale wind projects, powering more than 12 million homes. Wind energy drives the diversification of our energy supply and strengthens our resilience to energy related challenges, while improving our national energy security. Additionally, the more than 40,000 megawatts of wind power installed through 2010 annually avoids 83.5 million tons of carbon pollution.

The production tax credit, which enjoys broad support across regions and across the political spectrum, has underwritten many of these developments. In fact, there is a strong correlation to industry growth and the existence of the credit. In years following expiration of the credit, for instance, installations dropped between 79-93%, resulting in major job losses and lost opportunities. The uncertainty caused by the looming expiration of the credit is already hampering future industry growth. Given our expanding but still fragile economy, now is not the time to undermine these substantial public and private investments.

Thank you for your careful consideration of this incentive.

Sincerely,

Earl Blumenauer
Earl Blumenauer
Member of Congress

Dale C. Kildee
Dale Kildee
Member of Congress

Shelley Berkley
Member of Congress

Suzanne Bonamici
Member of Congress

Bruce Braley
Member of Congress

Mike Doyle
Member of Congress

Brian Higgins
Member of Congress

Steve Israel
Member of Congress

William R. Keating
Member of Congress

Jim Moran
Member of Congress

Gary Peters
Member of Congress

Eddie Bernice Johnson
Member of Congress

Leonard Boswell
Member of Congress

Lois Capps
Member of Congress

John Garamendi
Member of Congress

Maurice Hinchey
Member of Congress

Jesse L. Jackson, Jr.
Member of Congress

Dave Loebsack
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Ed Perlmutter
Member of Congress

Chellie Pingree
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Jared Polis
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David Price
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Steven Rothman
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Bob Filner
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Mazie Hirono
Member of Congress

Allyson Schwartz
Member of Congress

Henry Waxman
Member of Congress

Rep. Edolphus "Ed" Towns (NY-10)
Testimony for the Record
April 26th, 2012 "Member Day" Hearing on Tax Extenders
Committee on Ways and Means
Subcommittee on Select Revenue Measures

Thank you Chairman Tiberi and Ranking Member Neal for holding this hearing to gather testimony from our colleagues on proposals related to expiring tax provisions. I write on behalf of the New Markets Tax Credit (NMTC) and my bill HR 5718 which makes improvements to tax code rules to help ensure that the original intent of the NMTC – economic revitalization – is achieved and more broadly shared.

The New Markets Tax Credit is designed to promote development and job creation in economically disadvantaged areas and has done just that ever since it was first enacted. For this reason alone it should be included in any bill related to expiring tax provisions. NMTC activity has occurred in all 50 states, the District of Columbia, and Puerto Rico. But improvements can still be made. HR 5718 seeks to make such improvements. The provision would expand eligibility for the New Markets Tax Credit to certain vacant census tracts around the country that are ripe for job creating development.

Due to the irregularities of Census Tract data that govern NMTC investment eligibility, many vacant plots in densely populated areas such as my area in Brooklyn and other outer suburbs of large cities around the country do not qualify, even though their development would be a huge job creator and offer major benefits for nearby communities. This is currently true in a deeply distressed area of East New York where many adjacent and surrounding census tracts meet the technical criteria for NMTC investment but not in the vacant plot most eligible and in need of development.

This provision would allow for census tracts with little or no population to qualify under certain criteria. It stays true to the goals and benefits the NMTC was created to achieve without adding to the deficit. Specifically, for census tracts characterized as low population census tracts (population less than 2,000), the legislation proposes that these tracts will qualify provided they meet the following criteria. First, it must be contiguous to a census tract which is treated as a low-income community. Second, such contiguous census tracts must have at least two of the three indicia of higher economic distress. Furthermore, for any such zero population census tract, it should be treated as having the levels of economic distress which are present in the contiguous census tract.

Extending the NMTC and making this improvement will speed investments in previously unreachable disadvantaged communities, spurring the jobs, affordable housing and services they deserve and that our constituents need. This legislation refines and updates New Markets Tax Credit incentives for economic growth in our tax code to ensure they are as powerful as intended and as effective as possible. Thank you for considering my proposal.

ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEES
RANKING MEMBER, ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT
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FEDERAL WORKFORCE, U.S. POSTAL SERVICE AND LABOR POLICY
GOVERNMENT ORGANIZATION, EFFICIENCY AND FINANCIAL MANAGEMENT

Congress of the United States
House of Representatives
Washington, DC 20515–1501

Testimony of Congresswoman Eleanor Holmes Norton
Committee on Ways and Means, Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
April 26, 2012

I strongly support extending the tax incentives for business and individual investment in the District of Columbia (26 U.S.C. §§ 1400-1400(C)), which expired in 2011. The D.C. tax incentives barely register in their costs to the federal government, but they are so critical to businesses, jobs, homebuyers and the general economy in the nation's capital that not extending all of them would have a significant negative effect here.

The D.C. tax incentives have had bipartisan support since they were established in 1997 by a Republican House and Senate and signed into law by a Democratic president. The incentives, which were designed to stabilize the District's residential tax base and increase economic activity, have been successful, and if progress is to continue here, they must be extended. In the 2010 census, the District gained population (5.2%) for the first time since the 1950 census, and much of the increase is traceable to the homebuyer tax credit. The homebuyer tax credit staunched the taxpayer exodus for the first time in decades and, with the stability the credit initiated, others also decided to move to the city. In addition, the District has experienced significant economic development because of the business tax incentives that became available for the first time. One of them, a wage credit, has been particularly instrumental in leveling the playing field in a city where residents had been swamped by a huge number of regional residents, often preempting fair consideration of local residents.

Despite these successes, the tax incentives remain critical if the District is to become permanently self-sustaining. The District's revenue capacity is severely limited by the large federal presence on its most valuable land as well as by a federal prohibition on taxing non-resident income. Further, the city alone has no state revenue source, a disadvantage the Congress found to be so severe that it relieved the city of the costs of some state functions in 1997. Still, the District continues to be the only city in the United States that must pay for expensive state functions, including Medicaid. Attracting and retaining businesses, jobs and homeowners are necessary to maintain the District's progress toward the full and sustainable economically self-supporting status that is its goal. The cost of the D.C. tax incentives is minimal. If the tax incentives are note extended, however, their noteworthy achievements could easily be undone. I ask the committee to allow the District to continue on its encouraging path, which has been possible only because of the balanced individual and business tax incentives we seek to extend.

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Comments
Of
Representative Gwen Moore
Regarding H.R. 4226
Submitted to the
House Ways and Means Subcommittee on Select Revenue Measures

April 26, 2012

I want to thank House Committee on Ways & Means Chairman Camp and Ranking Member Levin and Subcommittee on Select Revenue Measures Chairman Tiberi and Ranking Member Neal for holding this important hearing on expiring tax provisions.

I welcome the opportunity to outline the merits of the bill I introduced on March 20, H.R. 4226, to extend tax provisions targeted to encourage investment in small businesses. H.R. 4226 makes permanent the full exclusion from gross income and for Alternative Minimum Tax purposes any gain from the sale or exchange of designated "Qualified Small Business" (QSB) stock held for five years or longer. The provision was originally enacted as part of the *Small Business Jobs Act of 2010* and extended in the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010* and, if not extended, will expire January 1, 2012.

As the country continues to grapple with the fallout from the Great Recession, including persistently high unemployment, it is absolutely imperative that Congress acts with both purpose and prudence to support the growth of small business, so that they may expand and hire. My bill is only a small piece of a larger undertaking for Congress to get the economy back on firm footing and to put people to work, but it is a vital component in that equation, as one barrier inhibiting small businesses from growing is the challenging of attracting capital following the recession.

I endorse the approach of H.R. 4226 because it utilizes market forces to demand that the taxpayer benefit it establishes actually be used to create jobs by putting capital at risk on a long-term basis. Rather than providing a blanket tax cut with the vague "hope for the best" approach inherent in other tax proposals, H.R. 4226 instead rewards those small companies that market discipline and competition deem fit and only those investors that put capital at risk. It is a targeted approach that does not benefit short-term speculators and that incorporates important anti-abuse measures, so that it is not gamed by creative Wall Street lawyers and traders, or outright fraudsters.

Section 1202 of the Internal Revenue Code is intended to attract investment in new ventures, small business, and specialized business investments by providing tax incentives to non-corporate investors that make long-term investments in these businesses. However, the value of the incentive eroded when regular long-term capital gains were lowered to 15 percent. Accordingly, Congress temporarily provided for a full exclusion under Section 1202 to restore the incentive, but unfortunately, because the provision was not permanent, it was underutilized. H.R. 4226 would both preserve the full exclusion and make it permanent.

The bill also is narrowly targeted to shield it from abusive structures or uses that would permit the benefit to accrue to companies or investors that Congress did not intend. In order to qualify for the benefit, a non-corporate taxpayer must acquire and hold stock in a *qualified* C-corporation in an original issuance (directly or through an underwriter). The definition of QSB in Section 1202 is narrowly tailored to mean domestic C-corporations if the aggregate gross assets before the date of issuance of the stock do not exceed $50 million, the aggregate gross assets of the corporation immediately after the issuance of stock do not exceed $50 million, and the corporation agrees to submit to the IRS and its shareholders any reports that the IRS may require to carry out the purpose of Section 1202.

I hope that all my colleagues will support this bill. The American people deserve a Congress that acts with purpose and prudence and H.R. 4226 does both. It encourages long-term investments in small business and it does so in a way that utilizes market forces so that the benefits accrue to the best companies and that actually requires capital to come off the sidelines. Thank you again for the opportunity to provide my perspectives on this important legislation for providing small businesses enhanced opportunities to access capital.

Statement of Rep. Henry A. Waxman
Subcommittee on Select Revenue Measures
April 26, 2012

Mr. Chairman, Americans all across the country agree that we need to move toward a clean energy economy. A clean energy economy means good jobs in the United States, cleaner air, and American industries that can succeed in the massive global clean energy market.

We are making significant progress. America's wind industry is a prime example of the strides we have taken in recent years. Over one-third of all new electricity generation capacity built during the past five years comes from wind power. Wind now provides 3% of the nation's electricity. The growing demand for wind power has translated into American manufacturing jobs. Five years ago, just 25% of the wind components used in the U.S. were manufactured domestically. Now, 60% of those components are made in the U.S.

The production tax credit, or PTC, has played a crucial role in expanding wind generation and increasing jobs in the wind sector. Without Congressional action, the PTC will expire at the end of the year. That would be a big step backwards. It is critical that Congress act soon to extend the PTC.

In the past, when the PTC has lapsed, the wind market has dropped significantly as a result. We cannot afford to have the number of new wind installations plummet by 80%, as they did the last time the PTC was allowed to expire. We need that renewable energy. And we need those clean energy jobs.

If a project is going to be built in 2013, the parts and turbines need to be ordered and built this year. The uncertainty about whether the PTC will be extended has caused wind developers to hold off on placing those orders. That means layoffs now – eight months before the PTC actually expires.

According to the American Wind Energy Association (AWEA), there are 470 wind manufacturing plants employing 30,000 workers in 42 states. And those are just the manufacturing jobs. The industry employs a total of 75,000 Americans. Those jobs are obviously good news. But they are also at risk if Congress pulls the rug out from under this industry. AWEA expects 37,000 jobs to be lost by January 2013 if the PTC is not extended. This is an industry that has been growing even as the economy has been struggling. Congress should provide stable support for clean energy generation so that developers have the certainty they need to make investments and keep those workers.

The PTC is not the only important energy tax credit that should be extended. The Energy Policy Act of 2005 created a tax credit for alternative fuel motor vehicles and a tax credit for the installation of alternative fueling property. This provision, which offered a 50 cent per gallon equivalent tax credit for transit operators who utilize alternative fuels, including compressed natural gas (CNG) and liquid natural gas (LNG), expired at the end of 2011. Renewing this tax credit would provide an important source of revenue for many public transportation agencies that utilize natural gas for a portion or all of their fleet fueling needs. Not only would this provision provide significant offsetting revenues to agencies' fuel budgets, it would further support the goals of enhancing our nation's long-term strategy for energy security and its contribution to the reduction of carbon pollution. In 2010, transit providers nationwide saved over $61 million, and in California, which has adopted CNG and LNG fleets to help improve some of the worst air quality in the nation, transit providers saved over $34 million. I ask that you consider extending this tax credit as well, as your committee evaluates tax credit extension legislation.

Rep. Howard Berman, Statement

May 10, 2012

Committee on Ways and Means
Select Revenue Measures Subcommittee
Chairman Camp and Ranking Member Levin
Hearing on Certain Expiring Tax Provisions
Thursday, April 26, 2012

Chairman Camp and Ranking Member Levin,

We are writing to urge the Committee on Ways and Means to include in the tax extender legislation being considered, language, commonly known as Section 181, which will maintain film and television productions in the United States.

The United States Film and Television Industry

The film and television industry is a vital component of the United States economy. It generates a positive balance of trade in virtually every country in which it does business, and employs over 2 million American workers, both directly and through a myriad of businesses that provide the foundation and support to this industry. In total, nearly $137 billion in wages were paid to those workers in 2009, including writers, performers, producers, crafts people, technicians, accountants, cinema employees, and many more employed in ancillary businesses. Few industries in the world can match what the US film and television business has achieved since its creation over 100 years ago.

Contrary to popular perception, the film and television business is mainly comprised of a network of small businesses located across the country, of which 83% employ fewer than 10 people. The industry contributes billions each year to United States companies, entrepreneurs and small businesses and generates over $15 billion annually in state and federal taxes.

With production of films and TV programs occurring throughout the United States, this industry creates well-paying jobs and generates tangible economic benefits to cities and states nationwide. A typical motion picture employs 350-500 people. Production jobs have an average salary that is 73% higher than the current nationwide standard. A major motion picture shooting on location contributes $225,000 every day to the local economy, so it is no surprise that it is seen as a critical engine of economic development in many places across the country.

The History of Section 181

In response to a growing number of foreign countries implementing policies to attract American productions, Congress included provisions, known as Section 181, in the Conference Report to the American Jobs Creation Act of 2004, P.L. 108-357 (JOBS). The provision was amended in 2008 to further encourage production to remain in the United States and renewed as part of the tax extenders packages included in the Emergency Economic Stabilization Act, P.L. 110-343 and then again in 2010 in the Tax Relief Unemployment Reauthorization and Job Creation Act, P.L. 111-312.

Importance of Section 181

Section 181 was originally created by the JOBS Act with our strong support. The provision is a modest, yet important tool to help ensure that feature film and television productions remain in the United States. Section 181 helps to counteract the foreign incentives by lowering the cost of capital for domestic production by providing immediate expensing on the first $15 million of film production costs. To be eligible, 75% of the production must occur in the United States.

Additionally, the film industry has been excluded from general provisions to increase business investment in this country, including bonus depreciation measures which cover virtually every other American industry. In recent years, one factor justifying the discriminatory treatment of film investment under the bonus depreciation provision was the existence of Section 181. To end this vital provision at a time when other industries still receive far greater incentives for capital investment would not only be unfair, it would hasten migration of film and television production overseas. This industry, which is such an important economic engine for many cities and states, should not be singled out for a tax increase.

Extending Section 181 will continue to promote capital investment and production in the United States. This will not only help to promote well-paying film industry jobs, but will also have a ripple effect across broad sectors of the economy by generating revenue and employment opportunities for a wide range of local businesses, such as caterers, dry cleaners, lodging, equipment rental facilities, transportation vendors, and many others.

We urge the Committee on Ways and Means to include the Section 181 provision in the tax extender legislation currently under review.

Sincerely,

DAVID DREIER
Member of Congress

HOWARD L. BERMAN
Member of Congress

The Honorable Jerry F. Costello House
Ways and Means Committee *"Member Day" Hearing on Tax Extenders*
April 26, 2012

Chairman Camp, Ranking Member Levin and members of the House Ways and Means Committee, thank you for the opportunity to offer my support for legislation, H.R. 721, I co-authored regarding the railroad track maintenance tax credit previously included in the 2010 tax extenders law. I respectfully request that you include this important tax credit in any related tax legislation the House may consider this year.

The railroad track maintenance tax credit, known as Section 45G and utilized by the short line railroads to rehabilitate and improve freight railroad tracks, expired on December 31, 2011. My colleagues and I introduced H.R. 721, the Short Line Railroad Rehabilitation and Investment Act of 2011, which extends Section 45G through 2017. A straight extension of current law is scored at $165.5 million per year extended.

This legislation has strong bipartisan support in the House with **252 cosponsors, including 20 members from your Committee.**

Today, short line railroads operate 50,000 miles of track and serve more than 12,000 facilities that employ over one million people. The majority of these businesses are located in rural and small communities lacking any other rail service. The Federal Railroad Administration estimates that half of every dollar spent on short line rehabilitation goes to pay workers.

Railroad rehabilitation requires materials such as wood ties, steel rail and spikes, rock for ballast, and timber and steel for bridges. Almost all of this material is manufactured in America by American workers. Further, the railroad track maintenance tax credit maximizes investment in assets that will preserve rail service, reduce transportation rates and help customers grow their small businesses. These assets will be producing a positive return on investment for 30 to 40 years.

It is critical that this tax credit be included in future tax extender legislation to provide important long-term planning and certainty necessary to maximize transportation infrastructure investment, preserve rail service and rail jobs.

Thank you for your consideration and I am happy to answer any questions you may have.

CONGRESSMAN JIM MCDERMOTT
COMMITTEE ON WAYS AND MEANS
RANKING MEMBER TRADE SUBCOMMITTEE

WRITTEN STATEMENT FOR THE RECORD

SELECT REVENUE MEASURES SUBCOMMITTEE HEARING ON TAX EXTENDERS

MAY 10, 2012

I respectfully submit this statement for the record in support of the following tax provisions that will expire or have already expired. All references to code sections are to Title 26 of the United States Code, otherwise known as the Internal Revenue Code ("the Code").

As a senior member of this committee it is my sincere hope that we work in a bi-partisan manner to ensure that these, and other critical tax provisions, are extended. Tax extender legislation provides this committee and the Congress with an opportunity to examine the Code and look critically at each provision to determine whether its extension or expiration is in the best interest of our country and the American people.

The Deduction for State and Local Sales Taxes (§164(b)(5)):

The deduction for state and local income taxes expired December 31, 2011. This provision is of critical importance to Americans living in states that generate revenue through sales taxes and do not impose a state income tax. Currently, six states do not impose an income tax, including my home state of Washington.

Since 2004, the tax burden of residents in these 6 states has been reduced through the state sales tax deduction. In the absence of this deduction, taxpayers in these states would shoulder a larger portion of the federal income tax burden, compared to taxpayers in other states who may take a deduction for state income taxes paid. The deduction for state income taxes is a permanent provision.

According to the Washington State Department of Revenue, 850,000 Washington residents saved a total of $406 million, with an average savings of $478 per return. These tax savings are critical to these taxpayers as the economy continues to climb out the recession. Without this deduction, these taxpayers will face a higher tax liability, where taxpayers in states with an income tax will continue to enjoy lower taxes.

On December of 2011, my colleague, Mr. Brady, and I, along with 68 bi-partisan members of the House sent a letter to this committee requesting an extension of this provision. This letter was submitted for the record on April 26, during my oral testimony before this committee.

With such strong bi-partisan support, I urge this committee to include this provision in any tax extender package that is considered and passed in this remaining session of Congress.

Principal Mortgage Debt Reduction (§108)

The exclusion for principal mortgage debt reduction is a critical tax provision that is necessary to stabilize our struggling housing market. Section 108 excludes from income, for tax purposes, cancelled debt on a principal residence. Ordinarily, discharged nonrecourse mortgage debt is included as income to the mortgagee. However, at the height of the financial crisis, Congress enacted Section 108, which would exclude from income debt discharged on a primary residence.

This provision is critical to struggling homeowners across this country. If Section 108 is not extended, affected homeowners will face massive tax bills for money they never received.

For instance, a struggling homeowner who purchased his home at the height of the housing bubble is now underwater on his mortgage – owing more than the current fair market value (FMV) of the home. The current FMV of his home has dropped to $200,000 and he currently owes $300,000 on his mortgage. The homeowner is fortunate enough to have his lender agree to a $100,000 principal reduction providing needed financial relief in the form of lower monthly payments. While the homeowner does not actually receive any income, the tax code includes the $100,000 in principal reduction as income, and is taxed at ordinary income rates. If section 108 is not extended, this homeowner would ultimately be unable to afford the tax and likely foreclose on his home where he could have otherwise continued living there with lower payments – benefitting both the homeowner and the lender.

Also, in February of this year, 49 of the State Attorneys General, Republican and Democrat, and the five major banks agreed to a historic $26 billion settlement – a portion of which would go to reducing principal. Hundreds of thousands of homeowners will receive this relief. However, if Section 108 is not extended, these homeowners will find themselves unable to benefit from the relief provided under the settlement, frustrating the purpose of the settlement. I look forward to working with my colleagues on the committee to extend this provision to provide needed tax relief that will not only help homeowners, but stabilize the weak housing market.

Clean Renewable Energy Bonds (§54):

In 2005, Congress created the Clean Renewable Energy Bond (CREB) program to provide the not-for-profit sector of the utility industry, which serves a quarter of the nation's retail customers, to create renewable energy jobs and to develop renewable power generation. CREBs provide qualifying borrowers, like public power utilities and rural electric co-ops, with low interest rate financing to reduce the overall cost of their renewable energy projects.

Since its enactment, the CREB program has been extended three times, each time with additional improvements to the program. Currently, the CREBs allocation has been fully utilized and no new allocations have been authorized by Congress, despite the present and growing need.

For the 75% of consumers serviced by for-profit utilities, their renewable energy projects are supported by the Code through incentives like the investment tax credit (ITC), production tax credit (PTC), and the 1603 grant program. Unfortunately, not-for-profit utilities do not benefit from these incentives, and rely primarily on the CREBs program to provide tax parity for the quarter of the nation's electric consumers that they serve. Ultimately, CREBs provide a necessary incentive for public entities to invest in renewable energy projects allowing them to better compete with projects that are able to claim tax credits like the PTC and ITC.

It is critical that the CREBs program be extended, as states continue to require more of their electricity be generated from renewable energy sources. As states increase their mandates public power utilities and rural electric co-ops will need to raise more capital to stay compliant and fund their renewable energy projects. Without an extension of the CREBs program, this additional capital will need to be raised directly from the ratepayers in increased energy costs. Furthermore, the CREBs program must be uncapped to provide full parity with the incentives available to for-profit utilities.

In June of last year, I, along with 65 bi-partisan members of the House sent a letter to the Chairman and Ranking member requesting the committee's consideration of comparable tax incentives, like CREBs, in relevant legislation before the committee. Today, I repeat this request, and urge the committee to extend the CREBs program, and provide needed tax parity to the public utility sector.

Build America Bonds:

In 2009, the Congress created Build America Bonds (BABs) to provide direct payments to state and local governments to offset their needed infrastructure and energy generation costs. BABs provide a direct payment subsidy or a tax credit in an amount equal to 35% of the bond's interest costs or BAB interest income respectively.

BABs have been very well received by both issuers and investors. According to the Security Industry Financial Markets Association (SIFMA) approximately $164.1 billion in BABs have been offered in total, supporting countless projects and jobs across the country. Currently, Treasury has no authority to issue additional BABs, despite its success and support from both governmental entities and private industry.

Nearly every congressional district has benefited from BABs. BABs have been directly responsible for creating jobs and supporting needed infrastructure projects across our country. I urge this committee to extend BABs and continue a program that has been instrumental to our recovery.

Congressman John Garamendi's Statement before the House Ways and Means Committee
Subcommittee on Select Revenue Measures
Member Day Hearing on Tax Extenders

April 26, 2012

Chairman Tiberi, Ranking Member Neal, Members of the House Ways and Means Committee, thank you for the opportunity to speak before you regarding the priorities of Northern California. I would also like to acknowledge my good friend and neighbor, Congressman Mike Thompson. He has been a champion for the residents of Northern California and his leadership on this committee has made a positive difference in their lives.

I would like to address three policies that would create economic opportunity in my district as well as nationwide: extending the Federal Renewable Energy Production Tax Credit; extending conservation easement incentives; and extending 100 percent bonus depreciation for capital investments that are made in America.

First, I would like to speak to the importance of extending the Federal Renewable Energy Production Tax Credit (PTC). Since its adoption in 1992, this financial incentive has provided stability in the energy market. Over the past five years, the PTC has helped the wind energy sector grow at an average of 35 percent a year. Today there are 75,000 jobs supported by the wind industry across all 50 states, including manufacturing jobs at over 470 facilities. About 4,000 to 5,000 of those jobs are in my home state of California. Most recently in my district, I toured a wind farm site that said they would continue expanding only if the PTC was extended. Since this group uses turbines with over 60 percent American content, this will not only create installation jobs, but many well-paying manufacturing jobs in California. Uncertainty is hurting investment in this field, but if Congress acts and swiftly passes an extension of the PTC, it will ensure that this sector will continue to grow for years to come. Furthermore, I believe this bill could be strengthened by amending it to include a bill I introduced earlier this Congress, H.R. 487, The Manufacture Renewable Energy Systems: Make it in America Act. This bill would create American jobs by ensuring that taxpayer dollars are spent on American-made renewable energy systems. If my bill were to be adopted as an amendment, any company taking advantage of the PTC would need to buy 100 percent American content within four years after becoming law.

Second, I would like to voice my full support for the Conservation Easement Incentive Act of 2011. This bill would permanently extend deductions for landowners who dedicate their land to development protection through conservation easements. I know that Congressmen Gerlach and Thompson have worked hard to extend and expand these incentives for several years now. This has made it easier for farmers and ranchers in Northern California and throughout the country to put hundreds of thousands of acres under protection, conserving the land they depend on for their livelihoods.

Third, I would like to voice my support for 100 percent bonus depreciation for capital investment which is included in Chairman Tiberi's bill, H.R. 4196. In the previous Congress, I introduced my own bill supporting 100 percent expensing of capital investment. While this incentive is important to increasing investment, I believe the bill can be strengthened by making the write-off apply only to the purchase of equipment with a high domestic content. This would create even more good jobs by encouraging companies to invest in American workers.

Chairman Tiberi and Ranking Member Neal, thank you again for the opportunity to present on these policies that would create economic opportunity and good jobs in Northern California as well as nationwide.

Information

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Organization: U.S. House of Representatives

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Testimony of Rep. John Lewis
House Committee on Ways & Means, Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
April 26, 2012

Chairman Tiberi and Ranking Member Neal, I welcome this opportunity to offer testimony regarding the so-called "tax extenders."

First and foremost, before discussing any specific tax provisions, I would like to state that we must break this cycle of reauthorizing or renewing tax provisions retroactively after they have already expired on December 31st of the previous year. It creates uncertainty for American families and businesses, impeding their ability to plan for the future and can also make it difficult for them to make more immediate financial decisions.

More to the focus of today's discussion, as co-chair of the Philanthropy Caucus with Chairman Tiberi, I would like to express my support for the charitable IRA rollover provision. Since passed in 2006, this provision has been a popular way for people 70½ years and older to make donations to local charities by transferring funds from their individual retirement accounts. In a great statement of love for their fellow citizens and their communities, they choose to donate their money and give back to the people and places that helped them prosper.

In reenacting this expired tax provision, Congress has a wonderful opportunity to support and promote charitable giving. As we all know, many Americans are struggling due to high unemployment rates, the financial crisis, and the decline in the housing market. The demand for the services of local charities and foundations in our communities has never been greater. Even the most modest gifts assist the many worthy causes in our communities.

In addition to the charitable IRA rollover provision, I support a number of other expiring (and expired) tax provisions that are the focus of this hearing. These provisions include, but are not limited to, the following:

- incentives for biodiesel and renewable diesel;
- the new energy efficient home credit;
- the deduction for certain expenses of elementary and secondary school teachers;
- the above-the-line deduction for qualified tuition and related expenses;
- parity for exclusion from income for employer-provided mass transit and parking benefits;
- the expansion of adoption credit and adoption assistance programs;
- the exclusion of discharge of indebtedness on principal residence;
- the New Markets Tax Credit;
- the employer wage credit for employees who are active duty members of the uniformed services;
- 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements;
- the enhanced charitable deduction for contributions of food inventory;
- the enhanced charitable deduction for contributions of book inventories to public schools;
- the enhanced charitable deduction for corporate contributions of computer inventory for educational purposes;

Testimony of Rep. John Lewis
House Committee on Ways & Means, Subcommittee on Select Revenue Measures
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April 26, 2012

- the deduction allowable with respect to income attributable to domestic production activities in Puerto Rico;
- empowerment zone tax incentives;
- tax incentives for investment in the District of Columbia;
- temporary increase in limit on cover over of rum excise taxes to Puerto Rico and the Virgin Islands;
- the Work Opportunity Tax Credit;
- the temporary exclusion of 100 percent of gain on certain small business stock;
- the employer wage credit for activated military reservists; and
- the increased section 179 amounts ($500,000/$2 million) and expanded definition of section 179 property.

For the sake of brevity, I will not indulge in a deep discussion of each of these tax provisions. Suffice it to say they are of great value to millions of American workers, families, and local businesses, and I believe an important investment in the future of our country.

I thank you again for the opportunity to testify, and look forward to working with both of you as the Ways & Means Committee continues its work on tax extenders.

Congressman Joseph Crowley
Statement – Tax Extenders Hearing
April 26, 2012

Thank you Chairman Tiberi and Ranking Member Neal for conducting this hearing today on several expiring sections of the tax code.

While I appreciate that it is being held, I do want to say that I hope this is the last year we need to undertake this exercise. The reason is I believe strongly that Democrats and Republicans, the House and Senate, Congress and the White House need to come together, like we did in 1986, to develop a comprehensive re-write of the tax code.

Any tax re-write must be all inclusive, addressing both personal and business taxation.

Both businesses and households need greater certainty within the tax code to plan their budgets and meet their financial obligations. That cannot be done if Congress is establishing tax policy past deadline and in a piecemeal fashion, which is what has been happening year after year with respect to these tax extenders bills.

I am proud to be a member of this Committee, and take seriously our obligation to write and oversee the tax code. I want to reform the tax code so we promote growth, ensure simplicity, guarantee equity and lead to greater efficiency for all taxpayers. I think these goals are bipartisan, and I am willing to work with anyone – Democrats and Republicans alike – who is interested in putting forward a sound, stable and comprehensive tax policy proposal.

With respect to the issue at hand today, there are several tax extenders I would like to highlight. I will start with individual taxpayers and then shift to the expenditures focused on American job creators.

INDIVIDUAL TAXPAYERS

Parity for exclusion from income for employer-provided mass transit and parking benefits (HR 2412)
For individual taxpayers, I argue strongly that the Committee should extend the parity for exclusion from income for employer-provided mass transit and parking benefits.

In 2011, workers were able to set aside $230 a month before taxes to cover the cost of either their transit commutes or for parking. Since the start of 2012, the commuter benefit has been reduced to $125 a month, while those people who drive into work can now set aside $240 a month before taxes to pay for parking expenses. I urge the Committee to raise the mass transit set aside to $240 for 2012 to ensure parity between mass transit benefits and parking benefits.

Representing Queens and the Bronx, New York, a large number of my constituents -- and over 8.5 million people in total daily in the tri-state area -- take mass transit into New York City.

This tax break would continue an important benefit not only for those 8.5 million commuters who take the bus, subway, MetroNorth, PATH, or the Long Island Railroad into the City daily, but it would help any commuter across the country who uses mass transit to get to work.

Ultimately, this benefit saves each of these taxpayers hundreds of dollars per year in transportation costs, aside from the fact that it increases energy conservation as well as reduces traffic, congestion and smog.

This truly does benefit the working middle class.

Exclusion of discharge of indebtedness on principal residence (HR 4202)
First enacted in 2007 when the foreclosure crisis began, this tax provision prevents struggling homeowners from a federal income tax liability as a result of mortgage debt forgiveness from a financial institution.

Before this law was enacted, there were situations in which homeowners could lose their home to the bank and then be faced with a tax bill for the "forgiven income" representing the difference between the value of their home and their outstanding mortgage. We cannot and should not roll back the clock on this needed change in tax policy. Let's uphold the change made by Democrats in 2007 by extending this tax provision for troubled homeowners.

Extension of the Deductibility of Mortgage Insurance, including Premiums paid on FHA and VA Housing loans (HR 1018)
Along with Representative Nunes, I am leading the charge to extend this bipartisan tax provision, which allows homeowners who are paying mortgage insurance to deduct these costs from their income taxes.

Besides serving as tax relief for homeowners, it is also another incentive to keep moving homeowners away from the exotic mortgages, like piggyback mortgages, that contributed, in part, to the recent home foreclosure crisis. With the fragile state of the housing sector in recent years, extension of the private mortgage insurance deduction is important to ensuring that there continues to be incentives aimed at stabilizing and strengthening the housing market, while doing so in a safe way.

In addition to helping those with traditional mortgage insurance, it will also extend these benefits to those with FHA, VA and Rural Housing mortgage loans as well.

EMPLOYERS

I would also like to highlight my support for the following tax extenders focused on employers.

Research and Development Tax Credit (HR 942)
The research and development tax credit was first created in 1981 to incentivize technological advances and the hiring of workers to perform R&D.

While Congress is exploring ways to re-write the tax code, including the possibility of eliminating all expenditures such as this one, we should not unilaterally take such drastic action unless and until we have successfully enacted real tax reform into law. The R&D tax credit incentivizes keeping ingenuity and brainpower on US soil – that's a good thing.

Additionally, this tax credit can be utilized not only by large companies, like those in the high tech and pharmaceutical fields, but by smaller companies such as software developers and engineers. I urge the extension of the R&D tax credit for all American businesses.

Work Opportunity Tax Credit (HR 2082)

The Work Opportunity Tax Credit, which was enacted as part of 1996 welfare reform law, provides businesses an incentive to hire new workers. Since its enactment, more than 7.5 million individuals have found employment through this program – at least 500,000 of them were from New York State. At least 15% of New York certifications come from the Designated Community Residents category, which covers Empowerment Zones and Enterprise Community residents.

In a recent study by Peter Cappelli a University of Pennsylvania Wharton Business School Labor economist found that WOTC was one of the most cost effective jobs programs Congress has enacted. Dr. Cappelli found that the WOTC program saved the government, on average, $5,000 in federal public assistance payments for every year that the individual hired stayed in the workforce at a maximum cost to the government of $1,500.

Just last year, the Committee expanded the WOTC program to include our returning wounded and unemployed heroes from the Iraq and Afghanistan Wars. I am pleased the Committee recognized the challenges facing our returning veterans and worked, in a bipartisan way, to address the issue. The enactment of the Returning Heroes and Wounded Warriors Work Opportunity Tax Credits will encourage employers to change their hiring practices and seek to hire veterans.

However, I am concerned that without the extension of the core WOTC program which expired at the end of last year, many of the same employers who participate in the traditional WOTC program will find that they cannot justify the cost of maintaining the WOTC infrastructure needed to make the veterans credit a success. This infrastructure includes recruitment outreach, training of hiring managers to assist job applicants in filing out the IRS pre-screening form, including the IRS form in their job application, collecting the information required to secure a certification, filing the form within 28 days as well as the added costs of training these new employees.

It is clear – the Committee ought to extend both the core WOTC provision, which expired at the end of 2011, and the Veterans Credit, which is scheduled to expire at the end of 2012.

Subpart F/Active Financing (HR 749)
I urge the Committee to extend the active financing exception. This tax expenditure allows U.S. multinational financial services companies, such as Citibank which is the largest private sector employer in Queens County, New York, the ability to defer federal taxes on their non-U.S. financial-services income. This provision is needed as it allows US financial companies the ability to compete in overseas markets with non-U.S. banks

New York City is the global capital of capital, and to ensure it remains in this position it is essential that the active financing rules of Subpart F, which expired at the end of last year, be extended. To date, 20 members of the House Ways and Means Committee, both Republicans and Democrats, have cosponsored the legislation to make these rules permanent. The active financing rules are not a special incentive. Rather, they allow US banks, insurance companies and finance companies to apply the normative U.S. tax law allowing for the deferral of U.S. taxes on active foreign business income.

These rules also play an important role in financing the export of products manufactured in the U.S. Tax experts have testified that these rules should be permanent in the context of tax reform. In the meantime, as we continue to study and hopefully work towards meaningful, permanent tax reform, an extension of the active financing rules is critical to allowing our financial services companies to compete in foreign markets. Failure to extend these rules could result in the loss of global financial services markets to foreign companies and a decline in U.S. exports.

CFC Look Through (HR 2735)
I would like to associate my remarks on the need to extend the CFC Look Through provision with those of Congressman Boustany, who has circulated a bipartisan letter to the Committee on this extender. The CFC Look Through provision helps ensure that the tax laws of this country put worldwide American companies on a level playing field with their counterparts from abroad. The CFC Look Through provision enables greater competitiveness and simplified business planning for American companies with activities abroad, like so many companies that are based in New York City, by leveling the playing field with respect to our international competitors.

Leasehold Depreciation (HR 1265)
I urge the Committee to extend an important provision of tax law known as leasehold depreciation, which would allow a 15-year depreciation life for commercial leasehold improvements, otherwise known as the build-outs building owners make to customize office space to a tenant's business needs. This bill is good for developers, businesses, and the construction and building trades. With billions of dollars invested in leasehold improvements in commercial real estate annually, the impact of extending – until we undertake comprehensive tax reform – this expenditure is an important way to spur growth and employment in the construction field.

Section 181
While many people may equate New York City with one industry – financial services – my city's economy is as varied and vibrant as its people.

For example, another key industry and job creator in New York is the entertainment industry. For this reason, I urge the Committee to extend the provision related to the production expenditures related to domestic film and television productions.

Known as Section 181 of the tax code, this provision was expanded several years ago so that a producer can expense up to $15 million in the first year. For larger budget films and television shows, such as those produced in New York City, this is a valuable tax expenditure that has – and will if extended – helped incentivize the return of entertainment production to New York City, keeping thousands of unionized jobs her at home.

Section 179 – Small Business Expensing
My hometown community is home to a large number of small businesses, such as those in the Queens neighborhood of Jackson Heights. I am strong supporter of providing a more generous method for these businesses to write-off the costs of new investments or purchases, like equipment and technology. I urge the Committee to extend these benefits into 2013 at their 2012 rates, indexed for inflation.

New Market Tax Credit (NMTC) Program (HR 2655)
The New Market Tax Credit program, enacted in December 2000, serves as the only federal tax credit program for commercial projects in low-income areas. This program is helping to create jobs and revitalize entire neighborhoods. Projects large and small that most financial specialists agree would never come to fruition are otherwise taking shape because of these tax credits.

These tax credits make riskier projects more viable by reducing the debt associated with development costs. Private investors pay less in taxes and the developer passes the savings on to the community by, for example, lowering rent per square foot. This program has been very helpful to economically disadvantaged areas of New York City and I urge its continuation.

Specifically, in New York City, the NMTC has provided a number of important benefits. For example, the New York Community Bank has received $42 million in NMTC awards which they have in turn used to support close to $200 million of distressed community projects in the past 5 years, all within the 5 boroughs of NYC. They have funded 18 projects City-wide including investing in business operations in Flushing and Corona, Queens, as well as in the Bronx

Temporary Increase in Limit on Cover Over of Rum Excise Taxes to Puerto Rico and the Virgin Islands
I would like to join with my colleagues from Puerto Rico and U.S. Virgin Islands lending my support for an extension of the existing tax provision to extend the modest increase in the limit on the cover over of rum excise taxes to Puerto Rico and the U.S. Virgin Islands. The purpose of the program is to provide budgetary support to the territorial governments and, historically, funding has been used primarily for economic development, health care, infrastructure, education and land conservation.

Build America Bonds:
Finally, while I understand it is outside of the parameters of this hearing, I would like to voice my strong support for the Build America Bonds program.

An innovative bond program created in the Recovery Act, it has helped reshape a tax exempt municipal bond market that had slowed to a halt in 2008 due to the financial crisis. In the less than 2 years of its lifespan, it filled a massive capital investment vacuum and represented almost one quarter of the entire municipal bond issuance in the country, including an injection of over $181 billion in capital investment nationwide.

Specifically, the Build America Bonds program channeled over $20.5 billion in new infrastructure funding to New York State between 2009 and 2010 and helped funds local projects like Phase One of Willets Point in my Congressional District, the East Side Access project, and the Second Avenue Subway – all of which are vital infrastructure projects that have created well- paying, good jobs in New York City.

I would urge the Committee to reauthorize this very successful bond program.

Again, my thanks to the Chairman and Ranking Member for allowing me the opportunity to testify today. Thank you.

Statement for the Record
By
The Honorable Kevin Brady-TX08
Before the Subcommittee on Select Revenue Measures
of the House Committee on Ways and Means
Hearing on Certain Expiring Tax Provisions
April 26, 2012

Mr. Chairman and Ranking Member Neal, thank you for the opportunity to appear before you today and talk about two issues of great importance as we move toward comprehensive tax reform, encouraging American competitiveness and taxpayer fairness.

American Competitiveness

America is the world's leading innovator – developing life-saving technologies, state-of-the art computer systems, and breakthrough manufacturing products – but we are losing ground to competitors around the world. The R&D credit was first adopted by Congress in 1981, but since that time, it has been extended some 14 times, with the current credit expired at the end of 2011.

The U.S. share of global research and development has fallen from 38% in 1999 to 31% in 2009, while China's share has increased fourfold. Other countries are moving ahead of us by offering stronger incentives to attract research and development and the good-paying jobs that go with it to their markets. In 2009, the United States ranked 24th out of 38 countries in the strength of its R&D incentives. It is time we get back on the playing field by modernizing the American R&D tax credit and keeping American jobs and innovation here at home.

At the beginning of this Congress, I, along with Congressman John Larson, introduced H.R. 942, The American Research and Competitiveness Act of 2011, to simplify and strengthen the U.S. credit by increasing the "alternative simplified credit" from 14% to 20% and making it permanent, while providing a one-year bridge for those companies that still use the "traditional credit," to December 31, 2012.

The credit would apply equally to all companies that perform R&D in the United States and would modernize the credit by simplifying and strengthening it. Increasing the alternative simplified credit rate to 20% would allow companies to increase their current R&D spending, attract new R&D spending, and add U.S. jobs.

The Information Technology and Innovation Foundation has estimated that expanding the Alternative Simplified Credit (ASC) from 14 to 20 percent would spur the creation of 162,000 jobs in the short run (and an additionally, but unspecified, number of jobs in the longer run),increase GDP by $66 billion annually and the number of patents filed by an estimated 3,800.

It is also important to provide certainty for companies that make long-term investments in R&D. On average, R&D projects take 5-10 years. Making the credit permanent would provide companies the confidence they need to make those long-term investments. As we look toward making the R&D credit permanent in tax reform, we must take action now to extend the credit for 2012 and 2013.

Taxpayer Fairness

Extending the federal income tax deduction for state and local sales taxes will create fairness and equity for the over 62 million people living in Texas, Florida, Washington, Tennessee, Nevada, South Dakota, and Wyoming, which have no personal income tax. For that reason I introduced H.R. 476, which would make permanent the state and local sales tax deduction, ending the perpetual cycle of expiration and extension.

In December 2011, in a demonstration of strong bipartisan support for extension of the state sales tax deduction, I, and Congressman Jim McDermott, were joined by 66 Members of Congress in signing the attached letter to Chairman Camp and Ranking Member Levin urging that the deduction be continued. At the end of March, a joint letter from the Governors of the seven states without state income taxes sent a letter to House and Senate leadership in support of our effort.

In 2008, Susan Combs, the Texas Comptroller of Public Accounts, explained the following benefits that Texans enjoyed from the deduction and urged its extension beyond 2007:

- Extending the deduction would save Texans a projected $1.2 billion a year, or an average of $520 per filer claiming the deduction, based on tax year 2005 data, which was the latest year state data was available;

- Maintaining the deduction for tax year 2008 and beyond would be vitally important to the state, in that it is associated with between 15,700 and 25,700 jobs and $1.1 billion to $1.4 billion in gross state product.

In Texas, the state I know best, the 2009 tax year information from the IRS showed that 2.1 million Texas filers claimed $4.0 billion in sales tax deductions, resulting in estimated tax savings of over $1 billion. And since 2003, over 600,000 more Texans have been itemizing their tax returns with a substantial portion claiming the sales tax deduction. Extending the sales tax deduction will benefit millions of Texans who work hard to keep the state's economy vibrant. It is vitally important for taxpayers in states without an income tax to be able to take the sales tax deduction and be on equal footing with residents in other states. The deduction puts extra money in Texans' pockets which helps any family's budget.

Americans living in states without income taxes rightfully expect that they will continue to be treated equally under the law by the federal government, regardless of the local tax system elected by their state. It is the right and fair thing to do.

Thank you.

Congress of the United States
Washington, DC 20515

December 5, 2011

The Honorable Dave Camp
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Camp and Ranking Member Levin:

As members from states without an income tax, we write to encourage you to include an extension of the state and local sales tax deduction in any tax extenders package during the remaining weeks of the first session of the 112th Congress. Our objective is to provide our constituents with the same treatment afforded to residents of states with an income tax.

The sales tax deduction saves taxpayers in our states millions of dollars per year and is a vital component of our states' economies, spurring growth and creating jobs. Unfortunately, as you know, the sales tax deduction will expire at the end of 2011. If the deduction is not extended in a timely manner, our constituents will not be able to deduct their state and local sales taxes on their 2011 federal tax returns.

The sales tax deduction has enjoyed strong bipartisan support during the six years since it was enacted in its present form by the American Jobs Creation Act of 2004. It was extended by bipartisan Congresses in 2006, 2008 and 2010. Millions of middle-class families in Texas, Nevada, Florida, Washington, Tennessee, South Dakota and Wyoming will be negatively hit with a higher tax burden if Congress does not act to extend this deduction.

We strongly urge you to maintain fairness in the tax code, and to provide certainty and predictability to taxpayers by extending the sales tax deduction. We greatly appreciate your continued support on this issue and we thank you for your consideration of this request.

Sincerely,

Kevin Brady

Jim McDermott

Diane Black	[illegible] FL-12
[illegible] TX31	Mac [illegible]
[illegible]	Pete Ol[illegible] TX22
Sam Johnson	[illegible] TX-10
[illegible]	Blake Farenthold TX27
[illegible] TX 23	Pete Sessions TX-32
Kay Granger TX12	Joe Barton TX6
[illegible] TX-19	Bill Flores (TX-17)
[illegible] TX-1	John Culberson TEXAS 7
Lamar Smith	Norm Dicks

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Sheila Jackson Lee

Marsha Blackburn

Bill Posey FL15

Eddie Bernice Johnson

[illegible] FL08

[illegible]

[illegible] FL24

Cathy McMorris Rodgers

Alcee L. Hastings

K. Michael Conaway

Ralph M. Hall

Mark V. Amodei

Rick Larsen

Ron Paul

Jaime Herrera Beutler

March 27, 2012

The Honorable John A. Boehner
Speaker
U.S. House of Representatives
H-232 Capitol Building
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
H-204 Capitol Building
Washington, DC 20515

The Honorable Harry Reid
Majority Leader
U.S. Senate
S-221 Capitol Building
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
S-230 Capitol Building
Washington, DC 20510

Dear Speaker Boehner, Leader Reid, Leader Pelosi and Leader McConnell:

As governors of states whose citizens are not assessed state and local income taxes, we urge you to include an extension of the state and local sales tax deduction in upcoming legislation. Congress provided this deduction for tax years 2004 – 2011, and Congress must act again in order for our citizens to know they will be able to continue to deduct state and local sales taxes, in lieu of a state income tax, for tax years 2012 and beyond.

As you know, previously, the federal tax code only allowed taxpayers in states that collected state income taxes the ability to deduct those taxes. In 2004, Congress restored fairness and equity to the people of our states by allowing our citizens to deduct state and local sales taxes on their federal income taxes.

The state and local sales tax deduction ensures that every U.S. taxpayer is treated equally regardless of his or her state's tax collection methods. We are eager to see this deduction extended so the residents of our states may continue to enjoy equal treatment under the tax code.

We urge you to include this deduction in a bill that will be enacted this year.

Sincerely,

Governor Rick Scott
Florida

Governor Brian Sandoval
Nevada

Page 2 of 2

Dennis Daugaard Governor Dennis Daugaard South Dakota	Bill Haslam Governor Bill Haslam Tennessee
Rick Perry Governor Rick Perry Texas	Chris Gregoire Governor Chris Gregoire Washington
Governor Matthew Mead Wyoming	

Rep. Michael Grimm 1, Statement

JAMES P. McGOVERN
3RD DISTRICT, MASSACHUSETTS

COMMITTEE ON RULES

COMMITTEE ON AGRICULTURE

SENIOR DEMOCRATIC WHIP

Congress of the United States
House of Representatives
Washington, DC 20515–2103

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February 9, 2012

The Honorable John A. Boehner
Speaker
H-232 The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
H-204 The Capitol
Washington, DC 20515

The Honorable Eric Cantor
Majority Leader
H-329 The Capitol
Washington, DC 20515

The Honorable Steny H. Hoyer
Democratic Whip
H-148 The Capitol
Washington, DC 20515

Dear Speaker Boehner, Leader Cantor, Leader Pelosi and Whip Hoyer:

As the House prepares to consider important tax and transportation measures in the coming weeks, we urge you to support the quick passage of a budget neutral provision to restore parity between the pre-tax transit and parking benefits. Failure to pass this important provision will result in a policy that rewards drivers and unfairly punishes transit riders.

Beginning January 1, 2012, transit riders who use the transit portion of the commuter benefit had the cost of their commute increase because the transit benefit tax provision expired. Transit riders saw the monthly cap on the transit benefit reduced from \$230 per month to \$125 per month -- almost a 50 percent drop. Meanwhile, commuters who drive to work and park their cars received an increase in their monthly benefit from \$230 per month to \$240 per month, due to an automatic cost of living increase. Benefit parity can be established at no cost to the federal government simply by setting the maximum benefit possible for both modes at \$200 per month.

If we do not act quickly, millions of transit and vanpool riders will continue to be taxed more than their fellow commuters who drive to work. This inequity will force many commuters out of trains, buses, and vanpools, and back into their cars which will only lead to increases in congestion, fuel consumption, lost productivity and wasted time that could be spent on productive work or with their families.

The transit benefit also provides small businesses and job creators with a financial incentive to help their employees increase their disposable incomes. This is a perfect example of how targeted and effective federal policy can provide employers with an opportunity to help their employees save money on their commute, while saving employers money that can be reinvested into their businesses to create new jobs. Congress should not continue to promote a tax policy that favors drivers over commuters and that penalizes businesses that do the right thing by offering their employees incentives to utilize a variety of transportation options.

We support the swift passage of legislation to permanently establish parity between the transit and parking benefits at a monthly level that will result in no additional costs to the federal government so that working Americans who choose public transportation and vanpools receive fair and equitable relief from the high cost of their commutes.

Sincerely,

James P. McGovern
Member of Congress

Michael G. Grimm
Member of Congress

Earl Blumenauer
Member of Congress

Robert Turner
Member of Congress

Peter T. King
Member of Congress

Gerald E. Connolly
Member of Congress

John Conyers
Member of Congress

Russ Carnahan
Member of Congress

Jerrold Nadler
Member of Congress

Robert C. "Bobby" Scott
Member of Congress

Edolphus Towns
Member of Congress

Maurice D. Hinchey
Member of Congress

Roscoe G. Bartlett Member of Congress	Howard L. Berman Member of Congress
James P. Moran Member of Congress	Elijah E. Cummings Member of Congress
Bob Filner Member of Congress	Leonard L. Boswell Member of Congress
Mike Thompson Member of Congress	Henry C. "Hank" Johnson, Jr. Member of Congress
Jackie Speier Member of Congress	Lois Capps Member of Congress
James A. Himes Member of Congress	Luis V. Gutierrez Member of Congress
C.A. Dutch Ruppersberger Member of Congress	Grace F. Napolitano Member of Congress
Rush D. Holt Member of Congress	David E. Price Member of Congress

Rosa L. DeLauro
Member of Congress

Sam Farr
Member of Congress

Chris Van Hollen
Member of Congress

Dennis J. Kucinich
Member of Congress

Eleanor Holmes Norton
Member of Congress

Michael M. Honda
Member of Congress

Richard E. Neal
Member of Congress

Danny K. Davis
Member of Congress

Jose E. Serrano
Member of Congress

Brad Sherman
Member of Congress

Joseph Crowley
Member of Congress

John P. Sarbanes
Member of Congress

Raul M. Grijalva
Member of Congress

Edward J. Markey
Member of Congress

Henry A. Waxman
Member of Congress

Doris O. Matsui
Member of Congress

Janice D. Schakowsky
Member of Congress

William R. Keating
Member of Congress

Steve Israel
Member of Congress

George Miller
Member of Congress

Lynn C. Woolsey
Member of Congress

Stephen F. Lynch
Member of Congress

Adam B. Schiff
Member of Congress

Tim Ryan
Member of Congress

Niki Tsongas
Member of Congress

Donna F. Edwards
Member of Congress

Anna G. Eshoo
Member of Congress

Zoe Lofgren
Member of Congress

John W. Olver
Member of Congress

Barbara Lee
Member of Congress

John Garamendi
Member of Congress

Nita M. Lowey
Member of Congress

Robert J. Dold
Member of Congress

Gary L. Ackerman
Member of Congress

Corrine Brown
Member of Congress

Mazie K. Hirono
Member of Congress

Albio Sires
Member of Congress

Jared Polis
Member of Congress

John Lewis
Member of Congress

Keith Ellison
Member of Congress

Carolyn B. Maloney
Member of Congress

Michael E. Capuano
Member of Congress

Paul Tonko
Member of Congress

Steven R. Rothman
Member of Congress

Rep. Michael Grimm 2, Statement

Congress of the United States

Washington, DC 20515

The Honorable Dave Camp (R-MI)
House Ways & Means, Chair
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Sander Levin (D-MI)
House Ways & Means, Ranking Member
1106 Longworth House Office Building
Washington, DC 20515

The Honorable David Dreier (R-CA)
House Rules Committee, Chair
H-312 House Capitol Building
Washington, DC 20515

The Honorable Louise Slaughter
House Rules Committee, Ranking Member
1627 Longworth House Office Building
Washington, DC 20515

Dear Chairmen and Ranking Members,

We write to ask that you make in order or include in a manager's package an amendment restoring parity between the pre-tax transit and parking benefits to any surface transportation reauthorization bill considered on the House floor.

Beginning January 1, 2012, transit riders who use the transit portion of the commuter benefit saw the cost of their commute rise because the monthly cap on the transit benefit was reduced from $230 per month to $125 per month -- almost a 50% drop. Meanwhile, people who drive to work and park their car received an increase in their monthly benefit from $230 month to $240 month. Failure to pass legislation to extend parity between the transit and parking benefit at the end of 2011 results in a failed policy that rewards drivers and punishes transit riders.

If we do not act quickly, millions of middle-class transit and vanpool riders who generally live in suburban settings and have the longest and most expensive commutes will continue to be taxed more than their fellow commuters who drive alone to work. This inequity will force many commuters out of trains, buses, and vanpools, and back into their cars leading to increases in congestion, fuel consumption, lost production and wasted time.

The transit benefit also provides small businesses and job creators with a financial incentive to help their employees increase their disposable income. This is a perfect example of how targeted and effective federal policy can provide employers with an opportunity to help their employees save money on their commute. The money saved by these small businesses and job creators can be reinvested in their businesses to create new jobs.

We should not continue to promote a policy that hurts businesses that are doing the right thing by providing their employees with transportation alternatives. We support the inclusion of language re-establishing parity between the transit and parking benefits in any long-term surface transportation reauthorization bill.

Respectfully,

RANDY HULTGREN
Member of Congress

MIKE QUIGLEY
Member of Congress

BOBBY SCHILLING
Member of Congress

GERALD CONNOLLY
Member of Congress

SAM FARR
Member of Congress

HANK JOHNSON
Member of Congress

ELEANOR HOLMES NORTON
Member of Congress

CHRIS VAN HOLLEN
Member of Congress

ALLYSON SCHWARTZ
Member of Congress

JOHN SARBANES
Member of Congress

NAN HAYWORTH
Member of Congress

JERROLD NADLER
Member of Congress

C.A. DUTCH RUPPERSBERGER
Member of Congress

JOSEPH CROWLEY
Member of Congress

NIKI TSONGAS
Member of Congress

KEITH ELLISON
Member of Congress

JUDY BIGGERT
Member of Congress

ROBERT J. DOLD
Member of Congress

EDOLPHUS TOWNS
Member of Congress

JAN SCHAKOWSKY
Member of Congress

DENNIS KUCINICH
Member of Congress

JAMES MORAN
Member of Congress

ZOE LOFGREN
Member of Congress

DANIEL LIPINSKI
Member of Congress

BOBBY L. RUSH
Member of Congress

RAUL GRIJALVA
Member of Congress

BOB FILNER
Member of Congress

TIMOTHY JOHNSON
Member of Congress

ELIJAH CUMMINGS
Member of Congress

PETER KING
Member of Congress

RUSS CARNAHAN
Member of Congress

PETER DEFAZIO
Member of Congress

GREGORIO KILILI CAMACHO SABLAN
Member of Congress

DAVE LOEBSACK
Member of Congress

JIM GERLACH
Member of COngress

HON. MICHAEL G. GRIMM
OF NEW YORK
STATEMENT FOR THE RECORD

House Committee on Ways and Means
Subcommittee on Select Revenue Measures
Hearing on Tax Extenders
Thursday, April 26, 2012

Chairman Tiberi, Ranking Member Neal, thank you for allowing me to testify today in support of extending the expiring commuter transit benefit. As a member of Congress representing the citizens of Staten Island and Brooklyn, who already face the longest commute times in the nation, seeing this vital program extended is of the utmost importance.

The transit benefit is a highly effective tool used by an estimated 2.7 million Americans to reduce the cost of commuting. TransitCenter, a New York City non-profit, found that when transit benefits are introduced to a workplace 20% of employees alter their commuting patterns and utilize public transit or vanpools. When considering that a 3% reduction in single occupancy vehicles can lead to a 25% reduction in congestion, it is clear that the transit benefit is an effective means of reducing traffic.

While there are additional energy and environmental benefits that can be drawn from this, I want to take this time to also recognize the role transit benefits have on employers.

Simply put, the transit benefit makes sense for businesses of all shapes and sizes. The provision is a pre-tax benefit not only for employees, but also for the employers who offer it providing fiscal savings by reducing their payroll tax burden. According to corporate service provider Edenred, last year, employers who offered the transit benefit saved an estimated $311 million in taxes. When we look at this in context, these savings could be used to hire 6,200 new workers, providing many employers with additional resources to expand and create new jobs.

The transit benefit also provides small businesses and job creators with a financial incentive to help their employees increase their disposable incomes. This is a perfect example of how targeted and effective federal policy can provide employers with an opportunity to help their employees save money on their commute, while saving employers money that can be reinvested into their businesses to create new jobs. Congress should not continue to promote a tax policy that favors drivers over commuters and that penalizes businesses that do the right thing by offering their employees incentives to utilize a variety of transportation options.

If we do not act quickly, millions of transit and vanpool riders will continue to be taxed more than their fellow commuters who drive to work. This inequity will force many commuters out of trains, buses, and vanpools, and back into their cars which will only lead to increases in congestion, fuel consumption, lost productivity and wasted time that could be spent on productive work or with their families.

The effort to extend this important benefit has received bipartisan support here in the House, as evidenced by the 107 signatures garnered by two letters to this committee and leadership, and I encourage the committee to extend parity between the transit and parking benefits at a monthly level, providing relief from the high cost of commuting to American workers who choose public transportation and vanpools.

Rep. Mike Coffman, Statement

Congress of the United States
Washington, DC 20515

May 1, 2012

The Honorable Pat Tiberi
Chairman
U.S. House Ways and Means Subcommittee on Select Revenue Measures
106 Cannon House Office Building
Washington, DC 20515

Dear Chairman Tiberi:

As Members of Congress from Colorado, a state where thousands of workers are employed because of the wind industry, we write to express our strong support for an extension of the wind energy production tax credit (PTC).

The PTC is vital to the future of wind energy production in Colorado and across the nation. Colorado in particular has upwards of 6,000 individuals employed in jobs related to the wind industry – many of which are at stake should the PTC expire right now. Additionally, many rural communities are recipients of new revenues thanks to wind energy production.

Each of us believes in a truly all of the above approach when it comes to U.S. energy policy. Both traditional and renewable sources play vital roles in enhancing our domestic energy supply, thus strengthening our energy independence as a nation.

While the PTC does not expire until the end of 2012, it is imperative that it be renewed as soon as possible. In order for a company to be eligible for the PTC, it must have wind turbines up and running by the end of the given calendar year. As such, projects for the 2013 calendar year should already be in the planning and development process in order to be completed in a timely fashion. Simply put, Congress cannot wait until November or December to consider an extension of the PTC. Doing so would result in massive layoffs and project delays for the companies that are expecting it.

The wind industry is strong, and with a predictable timeframe to reduce the credit, it will continue to remain that way. Thus, while we ask for an extension of the credit as it currently exists, we encourage you to examine a plan to reduce that credit in subsequent years, find a way to pay for the credit, and work towards comprehensive tax reform and a tax structure in which the PTC is no longer needed.

Thank you for your consideration.

Sincerely,

Cory Gardner
Member of Congress (CO-4)

Scott Tipton
Member of Congress (CO-3)

Mike Coffman
Member of Congress (CO-6)

Rep. Mike Thompson
Statement for the Record Subcommittee on
Select Revenue Measures Ways and Means
Committee
Hearing on Expiring Tax Provisions
May 10, 2012

In addition to the expiring and expired tax extenders I spoke about at the Select Revenue Measure hearing on April 26, 2012, I would also like to submit this statement for the record demonstrating my support for the following tax extenders.

As the lead Democratic cosponsor of H.R. 3087, I support the extension of the seven- year recovery period for motorsports entertainment complexes. The seven-year recovery period for motorsports complexes codifies the tax treatment of motorsports facilities that has been used for years. It places motorsports facilities in the same depreciation schedule as entertainment complexes. This was the longstanding treatment of these facilities until the IRS made an administrative change and reclassified motorsports facilities. Congress remedied that mistaken reclassification by the IRS and in 2004 temporarily codified the seven-year depreciation schedule for motorsports facilities. The motorsports industry invests between $120 million and $150 million annually in capital projects. These projects mean jobs in our communities. According to an economic impact study commissioned by the motorsports industry, every $10 million spent in capital expenditures results in the creation of 180 jobs. This provision should be made permanent. However, until such time that it is, it should be extended.

At the hearing, I spoke in support of the extension of important renewable energy provisions, including the production tax credit (PTC) for wind which expires at the end of 2012. Both the PTC and the Investment Tax Credit (ITC) have been effective tools to keep electricity rates low and encourage development of a wide range of proven clean energy projects, which must play a central role in America's long-term electric energy supply.

In addition to the extending the wind PTC, I also support the extension of additional renewable energy incentive provisions, including the PTC for other energy sources. It is time for Congress to pass long-term and stable energy tax policies, especially in regard to large scale energy projects which require many months lead time to finance, permit, and build. We must ensure that proven base load renewable energy producers such as geothermal, waste-to-energy, biomass and hydropower can properly finance and develop new projects, in addition to promoting renewable power like wind and solar. It is time to provide market certainty with the tax code to enhance domestic energy production, which creates high paying jobs and benefits both our energy needs and our national security interests.

Other tax extenders I support are:

- The Section 1603 Treasury Grant Program (TGP): This successful program infused critical funding into clean energy projects and attracted more than $20 billion in direct investment from private, regional, and state sources. Without the 1603 TGP, tens of thousands of jobs in the energy sector would have been lost and our reliance on foreign energy sources would have increased rather than decreased.

- Parity for exclusion of transit benefits from income: This provision provides the same tax treatment for employer-provided transit commuting benefits as is provided for employer-provided parking benefits. This provision treats fairly the millions of Americans, especially those living in suburban settings, who commute to work via mass transit or vanpools. Allowing for an inequity between employer-provided transit and employer-provided parking benefits will force many commuters out of trains, buses, and vanpools, and back into their cars leading to increases in congestion, fuel consumption, lost production and wasted time.

- The New Markets Tax Credit: This program was created to promote new and increased investment into businesses and real estate projects located in low-income communities—which are often overlooked by the capital markets. In 2010, this tax credit of 39 percent generated $9.5 billion in capital for projects and businesses in low-income communities.

- Extension of the Mortgage Insurance Premium Deduction: Extension of the private mortgage insurance (PMI) deduction is important to ensuring that there continue to be incentives aimed at stabilizing and strengthening the housing market, which is still recovering. PMI enables first-time and low- and moderate-income borrowers and those in high cost housing areas to purchase homes, promoting and preserving the tradition of homeownership in a safe and responsible way.

I appreciate t Chairman Tiberi and Ranking Member Neal for beginning the discussion on temporary tax provisions. It is my strong belief that we must strive for more certainty in the tax code and that the temporary nature of these tax provisions undercuts their effectiveness. It is shame that we have allowed so many tax provisions to already expire and have failed to extend ones that expire shortly. I hope that the group of provisions known as "tax extenders" will be extended until such time as we have had an opportunity to review and consider all of them.

Rep. Niki Tsongas, Statement

House Committee on Ways and Means
Subcommittee on Select Revenue Measures
Hearing on Tax Extender Provisions
Tsongas Statement
Thursday, April 26, 2012

Chairman Tiberi and Ranking Member Neal,

Thank you for holding this hearing today. As a strong supporter of a number of the tax extenders under discussion today—including the research and development tax credit, New Markets tax credit, and Build America Bonds, among others—I am glad that the Subcommittee is seeking input from a broad range of Members. However, I am quite concerned that one proven tax incentive, the Renewal Community (RC) program, is not part of today's hearing.

Throughout the 111th Congress, extensions of the RC program passed both chambers of Congress, and with good reason. During its lifetime, this bipartisan program proved itself to be incredibly successful in fostering economic development in distressed communities. However, during last minute negotiations of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the RC program was de-coupled from the Empowerment Zone program and allowed to expire.

During this Congress, I have joined several of my House colleagues in introducing H.R.1428 to extend the RC program through the end of 2012 because I have seen firsthand what these tax incentives can accomplish. In two communities that I represent, Lowell and Lawrence, Massachusetts, the program generated a combined $85 million in private investment and hundreds of new jobs through tax incentives that encouraged businesses to open, expand, and hire local residents.

That investment, in turn, had a ripple effect on the rest of the community. For instance, in downtown Lawrence, RC wage incentives helped New Balance Athletic Shoe, Inc. maintain their manufacturing operations in the United States, the last athletics shoemaker to make sneakers from stitch to final product in the U.S. The New Balance plant and warehouse collectively employ more than 800 Lawrence workers, and New Balance is an active participant in the community. At the Riverwalk Complex, the LuPoli Companies invested over $100 million, in part thanks to RC incentives, drawing over a hundred companies and bringing more than 2,000 new jobs to Lawrence.

Similarly, RC credits helped restore the American Textile Museum, a Smithsonian affiliate, which strengthened Lowell's attractiveness to business by providing cultural programming to the area and contributed to a renaissance in Lowell's creative economy.

But the power of these incentives goes far beyond pure economic development. Older industrial cities like Lowell and Lawrence, and others like them throughout the country, serve as a repository of architectural and cultural riches; their preservation helps prevent the sprawl that endangers our environment and destroys our historic and treasured landscapes. RC incentives in both cities were critical to the adaptive reuse of historic mill buildings, preserving and reinvigorating the history of these two sites of the Industrial Revolution.

Mr. Chairman, Mr. Ranking Member, with the economy recovering, but with historically distressed communities still struggling, now is not the time to turn our backs on job creation tools that work. Thank you again for letting me participate in today's hearing to discuss legislation critical to assisting distressed communities. I look forward to working with you as you craft this year's extenders bill to ensure that the RC program is once again extended.

Niki Tsongas
Member of Congress

Congressman Pedro R. Pierluisi
Statement for the Record
House Committee on Ways and Means, Subcommittee on Select Revenue Measures
"Member Day" Hearing on Tax Extenders
April 25, 2012

Thank you Chairman Tiberi, Ranking Member Neal and Members of the Subcommittee:

I respectfully urge the extension of two tax provisions that expired in 2011 and that are of great importance to Puerto Rico's economy.

First, I have introduced H.R. 4605, which would extend for two years the deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.

In the *American Jobs Creation Act of 2004*, Congress enacted the Section 199 domestic production activities deduction. The deduction was intended to achieve a number of policy goals, including providing support for the domestic manufacturing sector and reducing effective corporate tax rates.

Section 199 allows a company to receive a deduction equal to 9 percent of the taxable income that the company derives from qualified production activities within the United States, which effectively reduces the top federal tax rate that a company will pay on such income from 35 percent to 32 percent.

However, the 2004 Act did not authorize a company to receive the Section 199 deduction on income derived from such activities within Puerto Rico, even though Puerto Rico is a U.S. jurisdiction and jobs on the Island are American jobs.

Fortunately, this exclusion was corrected in the *Tax Relief and Healthcare Act of 2006*, thanks to the efforts of my predecessor and now-Governor Luis Fortuño, working closely with then-Chairman Bill Thomas. That legislation made the deduction available to U.S. companies that operate in Puerto Rico in branch form, not to companies that operate on the Island as controlled foreign corporations.

I respectfully submit that ample justification exists to extend this provision for an additional period of years and, indeed, to make it permanent. American companies that operate in Puerto Rico in branch form are subject to full U.S. tax on the income from their Island operations. Accordingly, these companies should be permitted to take the same business deductions available to U.S. companies operating in other American jurisdictions. As it does elsewhere, Section 199 promotes economic activity and job creation in Puerto Rico, which is home to over 3.7 million U.S. citizens.

Mr. Chairman, I have also cosponsored H.R. 4374, introduced by Congresswoman Christensen, which would extend for two years the modest increase in the limit on the cover-over of rum excise taxes to Puerto Rico and the U.S. Virgin Islands.

There is a $13.50 per proof gallon federal excise tax on distilled spirits. Under Section 7652 of the IRC, $13.25 of the amount that Treasury collects on rum produced in Puerto Rico, the USVI, and foreign countries and sold in the 50 states has been granted to the governments of Puerto Rico and the USVI. $10.50 of this amount is authorized by permanent law, while the balance requires periodic extension.

The cover-over program dates back to 1917 in the case of Puerto Rico and to 1954 in the case of the USVI. The territories are treated unequally under many federal programs and the cover-over program helps to compensate for this fact. The purpose of the program is to provide budgetary support to the territorial governments and, historically, funding has been used primarily for economic development, health care, infrastructure, education and land conservation.

I do believe the cover-over program could be refined in certain respects to ensure that it is providing the greatest possible benefit to the U.S. citizens living in the two territories, where median household income is roughly half of what it is in our poorest state, and I have introduced legislation for that purpose. Nevertheless, the importance of the cover-over program for my constituents and Congresswoman Christensen's constituents, who are shortchanged in so many respects, cannot be overstated.

Mr. Chairman, these two extenders have enjoyed bipartisan support and have had a positive impact on our national economy, of which Puerto Rico and the USVI are integral parts. I hope the Subcommittee will take action to prevent the economic harm that would result if these two provisions are not renewed.

That concludes my testimony. Thank you again, Mr. Chairman.

Rep. Ron Kind 1, Statement

Congress of the United States
Washington, DC 20515
April 26, 2012

The Honorable Pat Tiberi
Chairman
House Ways and Means Committee
Subcommittee on Select Revenue Measures
106 Cannon House Office Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
House Ways and Means Committee
Subcommittee on Select Revenue Measures
2208 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Tiberi and Ranking Member Neal:

We write to you today to thank you for holding this hearing to examine the package of "tax extenders," many of which expired at the end of 2011. The expiration of many of these provisions causes great uncertainty to the business community, and we hope that Congress will act soon to advance appropriate legislation though regular order.

We urge the Committee to include CFC Look-Through in tax extenders legislation. The CFC Look-Through provision, codified as Section 954(c)(6) of the Internal Revenue Code of 1986, represents an important way to ensure that the tax laws of this country put worldwide American companies on a level playing field with their counterparts from other jurisdictions. It is crucial that this provision not only be extended, but that it become a permanent feature of the tax laws of this country. The bill which we support, H.R. 2735, would make this provision a permanent feature of the tax law, allowing for greater fairness and planning.

CFC Look-Through allows payments of dividends, interest, rents, or royalties in the normal course of active business operations between U.S. owned foreign subsidiaries to remain deployed in the business without an immediate U.S. tax burden. It does not apply to passive, highly mobile income. Along with many other provisions, CFC Look-Through expired on December 31, 2011.

The CFC Look-Through provision enables greater competitiveness and simplified business planning for American companies with activities abroad. In enacting the provision in 2006, the Congress wisely chose to recognize that it would result in similarly situated taxpayers being treated equally. Because of CFC Look-Through, worldwide American companies can do as their foreign counterparts can do, and redeploy active foreign earnings for efficient use in the activities of their businesses.

We hope that the Committee will pass legislation sooner rather than later that includes an extension of CFC Look-Through.

Sincerely,

Charles Boustany Jr., MD
Member of Congress

Ron Kind
Member of Congress

Bill Pascrell
Member of Congress

Joseph Crowley
Member of Congress

Aaron Schock
Member of Congress

Lynn Jenkins
Member of Congress

Tom Reed
Member of Congress

Rep. Ron Kind 2, Statement

May 10, 2012

The Honorable Pat Tiberi
Chairman
House Ways and Means Committee
Subcommittee on Select Revenue Measures
106 Cannon House Office Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
House Ways and Means Committee
Subcommittee on Select Revenue Measures
2208 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Tiberi and Ranking Member Neal,

I write today to thank you for holding the hearing on tax extenders. As my time to speak was limited to only three minutes, however, I would like to express my support for the following tax provisions:

Business Provisions

A provision of chief importance is the provision reducing the holding period for Built-in-Gains from 10 years to five years for those small businesses known as S corporations. This provision allows our business community to create jobs in the United States. Unlike public companies, these closely-held businesses have little or no access to the public capital markets, and must be able to access their own capital in a timely manner in order to grow their businesses, create jobs, and remain competitive. The *S Corporation Modernization Act* (HR 1478) that I co-authored with Dave Reichert (R-WA) extends the five-year holding period, and ensures that S corporations will continue to spur job growth.

Unless Congress extends the five-year holding period, it will revert back to 10 years, and S corporations will be forced to wait an entire decade to access their own capital without penalty. Attached to my written statement is a letter from 13 organizations that support extending the five-year holding period.

Another provision I specifically support is the CFC Look-Through provision, a letter of support for which is attached to my written statement. By way of a bill I cosponsored with Charles Boustany (R-LA), HR 2735, foreign subsidiaries of US companies can utilize active income deployed in those businesses without immediate tax recognition in the United States. The provision allows companies to grow their business activities abroad using capital already generated. HR 2735 is a permanent extension of the CFC Look-Through rule, which would provide tax certainty, competitiveness, and enhanced business planning.

The Research & Development Credit is also of vital importance to American innovation and ingenuity. It insures that high-tech, energy, and professional jobs remain in the United States, spurring on the economy with competitive jobs and enhanced competitiveness. The R&D credit should at least be extended, if not made permanent.

Finally, in order to provide business planning sustainability and certainty, I support extending certain other tax incentives. Until we achieve comprehensive tax reform, it is necessary that we continue to

- New Markets Tax Credit
- Employer wage credit for employees who are active duty members of the uniformed services
- 15-year straight-line cost recovery for qualified leasehold improvements
- Expensing of environmental remediation costs/Brownfield development
- Exceptions for active financing income
- Basis adjustment to stock of S Corps making charitable contributions of property
- Work opportunity tax credit
- Employer wage credit for activated military reservists
- Increased § 179 amounts; expanded definition of § 179 property

Individual Provisions

Provisions that allow our teachers to better do their job, and assist our students with escalating tuition costs are necessary to educate the young people in western Wisconsin and around the country. Additionally, provisions that help families and businesses preserve their budgets and our environment should be extended. Thus, I am supportive of the following provisions:

- Deduction for certain expenses of elementary and secondary school teachers
- Deduction for state and local sales tax
- Conservation easements
- Above-the-line deduction for qualified tuition and related expenses

Energy Provisions

Incentives to provide clean or green energy alternatives are imperative to insuring that the United States moves more toward energy independence. Many of the following are bipartisan solutions that make sense. They provide jobs, promote energy innovation, and reduce our dependence on foreign energy.

- Credit for refined coal facilities
- New energy efficient home credit
- Excise tax credits and outlay payments for alternative fuel and alternative fuel mixtures
- Extension of grants for specified energy property in lieu of tax credits
- Energy efficient appliance credit
- Alternative fuel vehicle refueling property
- Credit for electric drive motorcycles, three-wheeled vehicles, and low-speed vehicles
- Qualified green buildings and sustainable design project bonds
- Production tax credit for wind facilities
- Indian coal credit
- Energy credit in lieu of production tax credit

Additional Provisions

Additionally, I would like to express my support for the following provisions:

The Clean Renewable Energy Bond program, which allows electric cooperatives to issue tax credit bonds to finance renewable projects. These bonds acted like low-interest loans, and I introduced a bill in the 11th Congress, HR 5581, with Brian Higgins (D-NY) that would extend the program through 2016. Sadly, it expired in 2010 and is in need of revitalization.

The policy imbedded in the Disaster Tax Act of 2011 is also something I support. We need a federal disaster relief program that allows those struck by an act of God to rebuild their homes and communities. My bill, HR 2718, which I introduced with Spencer Bachus (R-AL), Richard Neal (D-MA), and Terri Sewell (D-AL), would make permanent expensing provisions for qualified disaster expenses and qualified disaster assistance property, and for net operating losses attributable to federally declared disasters. It would also increase the limit for charitable contributions for disaster relief for individuals and corporations who choose to provide assistance to those in need.

Though not an "extender" I would like to express my support for the Renewable Integration Credit, HR 2391, which I introduced with Erik Paulsen (R-MN). As our nation's electric utilities increase their electricity production from wind and solar resources, they – and their customers – are facing significant costs associated with integrating these resources into the grid to ensure system stability and reliability. Because wind and solar are *intermittent* resources—that is, electricity is only available when the wind is blowing or the sun is shining—there are costs to back up the system and maintain the flow of electricity at all times. Thus, the RIC offsets the costs of integrating wind and solar resources into the grid. It also provides a direct payment to rural electric cooperatives and municipal utilities, who cannot take advantage of tax incentives. The credit phases out over time unless utilities continue to increase their renewable portfolio. This will drive continual improvements in wind and solar penetration.

Finally, I support the concept of Last-In, First-Out (LIFO) accounting. As indicated by my signature on the letter to President Obama urging him to include the repeal of LIFO in his budget, I support the practice. Because LIFO is used by approximately 36% of businesses in the United States, and changing the accounting practice could pose disastrous results. As the letter, signed by 22 Members of Congress, indicates, "Industries affected range from metals, paper, chemicals, and petroleum refining to auto parts, beverages, distilleries, groceries, textiles, building materials and industrial equipment. Repeal would impact manufacturers, wholesaler-distributors, and retailers; makers and sellers of virtually all products produced, sold and consumed in the United States. The impact of LIFO repeal would surely be felt in our Congressional Districts and every corner of America."

Thank you for your consideration.

Sincerely,

Ron Kind

Statement for the Record
The Honorable Sander M. Levin
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
April 26, 2012

The Ways and Means Committee has for many years provided for the continuation of various provisions in our tax code that support job creation, economic growth and other purposes. Members of both parties understood the importance of extending these provisions on a timely basis. I welcome this opportunity to examine the appropriateness of these expiring provisions, though I am concerned that the scope of the examination is inappropriately narrow.

A number of vital provisions that expired during the last Congress were explicitly excluded from the scope of this hearing. It excludes highly successful provisions designed to spur job creation such as Build America Bonds and the section 48C Advanced Energy Manufacturing Credit. It excludes an entire package of provisions designed to ease economic recovery in the wake of natural disasters. It excludes protecting millions of middle class taxpayers from the Alternative Minimum Tax.

I hope the importance of these provisions will be raised in this hearing anyway, and that the majority will reconsider its arbitrary limitation on which tax extenders will be considered by this committee.

I also hope that following this hearing, the committee will move with all deliberate speed to bring up a tax extenders bill sot that businesses and families have some degree of certainty in their planning. Important provisions like the R&D Credit and the Active Financing Exception to Subpart F have already expired. Further, the expiration of others such as the Production Tax Credit for wind at the end of this year is already disrupting business decisions.

Finally, I would like to highlight the importance of several provisions that I am very familiar with and advocate their timely extension.

- Energy Efficient Appliance Credit – Section 45M provides a strong incentive for the production of highly efficient appliances here in the United States, and it should be continued.

- Medium and Heavy Duty Hybrid Vehicle Credit – The credit for hybrid trucks helps make these advanced technology vehicles more affordable until larger scale deployment can reduce costs. US producers currently have the competitive advantage in this segment of the hybrid vehicle market, and Mr. Reichert and I have introduced legislation (H.R. 3374) to strengthen this important incentive under section 30B, but at a minimum the underlying credit for heavy duty hybrids should be renewed.

- Alternative Fuel Vehicle Refueling Infrastructure Credit – Section 30C provides an incentive for the deployment of refueling infrastructure for advanced technology vehicles. The availability of refueling infrastructure is a critical challenge to the deployment of all advanced technology vehicles, including those powered by electricity, natural gas, and biofuels. In the past this credit has been increased to 50% of qualified costs, but at a minimum the current credit of 30% should be maintained.

- Federal Home Loan Bank Guarantee of Tax-Exempt Bonds – During 2009 and 2010, Federal Home Loan Banks were permitted to work through local banks to provide credit enhancement for local tax-exempt bonds. As a result more than $4 billion of private activity bonds were issued at lower interest rates than would otherwise have been possible, financing hospital additions, student housing, community infrastructure and economic development projects. Most of these projects were very small and therefore would likely not be served by traditional sources of credit enhancement. This provision should be renewed.

- Exclusion of Gains on Qualified Small Business Stock – The Small Business Jobs Act increased the exclusion on gains for qualified small business stock under section 1202 from 50% to 100% through the end of 2011. This strong incentive for equity investment in small operating businesses should be extended.

- Enhanced Deduction for Charitable Donation of Food Inventory – The enhanced deduction for donating food inventory has been available to C corporations since 1976. In 2005, Congress extended this incentive to non-C corporations on a temporary basis. Mr. Davis and I have introduced legislation (H.R. 3729) to strengthen and make permanent this important incentive for businesses to donate food inventory to food banks and pantries, but at a minimum the existing provision should be extended.

- Mortgage Insurance Premium Deduction – Since 2007, mortgage insurance premiums have been treated as mortgage interest for tax purposes. As the role of governmental and private mortgage insurance in mortgage lending have increased, it is more important than ever that we continue to provide this equal treatment to borrowers who pay mortgage insurance premiums. I have introduced legislation in previous Congresses to make this provision permanent, along with Mr. Ryan, and I believe Mr. Nunes and Mr. Crowley have introduced such legislation this Congress.

- Special Rule To Implement Electric Transmission Restructuring – Section 451 allows utilities to recognize the gains from the sale of electric transmission property over eight years, provided that the proceeds are reinvested in qualified utility property. This tax treatment supports FERC's policy of encouraging electric utilities to divest transmission assets to independent transmission companies, which are more likely to make investments to enhance reliability and to build out transmission lines to renewable energy producers such as wind farms. This provision should be extended.

Rep. Scott Tipton, Statement

Congress of the United States
Washington, DC 20515

May 1, 2012

The Honorable Pat Tiberi
Chairman
U.S. House Ways and Means Subcommittee on Select Revenue Measures
106 Cannon House Office Building
Washington, DC 20515

Dear Chairman Tiberi:

As Members of Congress from Colorado, a state where thousands of workers are employed because of the wind industry, we write to express our strong support for an extension of the wind energy production tax credit (PTC).

The PTC is vital to the future of wind energy production in Colorado and across the nation. Colorado in particular has upwards of 6,000 individuals employed in jobs related to the wind industry – many of which are at stake should the PTC expire right now. Additionally, many rural communities are recipients of new revenues thanks to wind energy production.

Each of us believes in a truly all of the above approach when it comes to U.S. energy policy. Both traditional and renewable sources play vital roles in enhancing our domestic energy supply, thus strengthening our energy independence as a nation.

While the PTC does not expire until the end of 2012, it is imperative that it be renewed as soon as possible. In order for a company to be eligible for the PTC, it must have wind turbines up and running by the end of the given calendar year. As such, projects for the 2013 calendar year should already be in the planning and development process in order to be completed in a timely fashion. Simply put, Congress cannot wait until November or December to consider an extension of the PTC. Doing so would result in massive layoffs and project delays for the companies that are expecting it.

The wind industry is strong, and with a predictable timeframe to reduce the credit, it will continue to remain that way. Thus, while we ask for an extension of the credit as it currently exists, we encourage you to examine a plan to reduce that credit in subsequent years, find a way to pay for the credit, and work towards comprehensive tax reform and a tax structure in which the PTC is no longer needed.

Thank you for your consideration.

Sincerely,

Cory Gardner
Member of Congress (CO-4)

Scott Tipton
Member of Congress (CO-3)

Mike Coffman
Member of Congress (CO-6)

Statement of Congresswoman Shelley Berkley

Hearing on Certain Expiring Tax Provisions
Select Revenue Subcommittee
Ways and Means Committee
April 26, 2012

Mr. Chairman, thank you for holding this hearing to review the 2011 and 2012 tax extenders. I am pleased the committee has held this hearing to begin providing certainty to middle-class families and small businesses in Nevada and around the country that will face a major tax increase if many of these provisions are not maintained.

First, the extension of the deduction of local sales taxes is vital to states, like Nevada, that do not impose an income tax on residents. In Nevada, 316,000 Nevadans saved an average $1,443 per year thanks to this deduction. These savings are lifeblood to hardworking Nevada families and protect them from double taxation as they work to get back on their feet.

Second, I urge you to extend the alternative fuel tax credit and maintain propane as an eligible alternative fuel. This credit is essential to increasing clean energy consumption and reducing our dependence on foreign oil, especially in the face of increasingly volatile gas prices and record profits for oil companies.

Third, Nevada's housing market remains the worst in the country, with 1 in 16 homes foreclosed and over 60% of homeowners underwater on their mortgage. Now is not the time to eliminate the exclusion of mortgage debt forgiveness, which protects homeowners who face foreclosures or short sales from being hit by additional taxes.

Several other provisions eligible for review in this hearing should also receive the committee's full attention:

- Extension of the seven-year cost recovery period for motorsports entertainment complexes
- Extension of above-the-line deductions for certain expenses of primary and secondary school teachers
- Extension of the research and development tax credit
- Extension of the 15-year depreciation for leasehold improvements, restaurant improvements, and new construction and retail improvements

Finally, the Majority deemed several vital tax provisions ineligible for discussion at this hearing. It is my hope that as we move forward with tax extenders, we will also consider these important issues. In particular, the extension of Section 48c clean energy manufacturing tax credits is vital to America's future. These credits will create jobs in Nevada and across the country while ensuring we remain at the forefront of developing a sustainable energy future.

Thank you again, Mr. Chairman, and I look forward to working with you as this process continues.

Congressman Steve King
LHOB 1131
202-225-4426
edwin.elfmann@mail.house.gov
Hearing on Certain Expiring Tax Provisions

Chairman Tiberi, Ranking Member Neal, Members of the subcommittee,

Thank you for giving me the opportunity to come before the subcommittee today to discuss the importance of the Wind Production Tax Credit to Iowa and the United States.

As you may know, Iowa passed one of the country's first renewable generation laws in 1983. This law has allowed Iowa to be a leader in the wind industry for almost 3 decades. In fact, Iowa trails only Texas in total electricity produced by wind with 4,322 megawatts. Additionally, it should be noted that Iowa gets almost 20% of its total electricity from wind generation, which powers over 1 million homes in my state.

The bigger success story with wind generation in Iowa is not the electricity produced, but the jobs that have been created. There are between 4,000 - 5,000 jobs in Iowa that are directly affected by the wind industry. This includes 3,200 manufacturing jobs. Many are unaware that the components for the wind industry must be produced near the wind farms. A single wind turbine blade can be over 150 feet long, resulting in difficulty in transporting the blades over long distances. This means that businesses are moving into rural America to build the components necessary to construct wind farms. These jobs would not be in existence without the wind PTC in place.

The wind PTC has created stability in the industry for investors and companies to continue building wind farms across the country. The ability to plan over the long term has helped the industry to develop new and more efficient technologies. In 1990, the average wind turbine could produce 250 kilowatts of electricity - today, wind turbines produce an average of 1.97 megawatts of electricity. In 1990, the cost to produce electricity from wind was over 15 cents per kilowatt hour, now it can be achieved for under 5 cents per kilowatt hour in the right conditions. This great advancement in the industry can be attributed to the wind PTC providing the incentive for companies to invest and promote the wind industry.

I live in a very rural area of Iowa, and I can see wind turbines outside my windows. Without the wind PTC, these wind farms would have not been constructed, young people would have left the area to find work in other places, and the tax base of the entire area would suffer. This is why the wind PTC is so important. It provides economic opportunities for the construction workers and the landowners who lease land to the wind industry.

I can remember the last time there was a threat of the wind PTC ending. Mid-America, an energy provider in Iowa, had construction crews put in foundations for a massive wind farm. As the end of the year approached, towers were put up at a rapid pace so they could take advantage of the wind PTC before it expired. To me, this is proof that energy companies want to have wind as part of their overall portfolio.

If the wind PTC is not renewed, the results would be devastating for Iowa. Job losses in the wind industry are already projected at 2,000-3,000 jobs beginning in the second half of this year. These job losses are primarily due to manufacturers not placing orders for next year due to the uncertainty that surrounds the future of the wind PTC. Businesses need stability so they can plan for the long term. We cannot cut off the wind PTC without giving businesses the ability to plan accordingly. This is why I have supported the idea of a long term ramp down of the wind PTC. Congress needs to work with the wind industry to determine the right amount of time needed to properly ramp down the wind PTC. This could be ten years or less, but we need to work with the industry first to make sure we aren't stifling the innovation and research that has already taken place within the industry while ensuring that wind energy will continue to grow and provide cheap, clean electricity to the United States.

In the near term, we need to pass an extension of the wind PTC that will give Congress the time needed to put together a long term ramp down. We should continue to look at all available options in passing a short time extension of the wind PTC. It is important for jobs in the United States and it is especially critical for jobs in Western Iowa.

Thank you for your time.

Rep. Tom Latham, Statement

Comments for the Record
House Committee on Ways and Means
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
Submitted by: Congressman Tom Latham

I wish to express my appreciation to Chairman Pat Tiberi for holding a hearing to discuss the fate of the expiring provisions. I have long been a supporter of domestic sources of energy. Domestic fuels mean jobs in America and less reliance on regions of the world often unfriendly to our interests. As you review the tax extenders, I would urge you to consider extending the Alternative Fuels Credit and, with the demise of the ethanol tax credit, amending Internal Revenue Code section 6426(d)(2) to include E85 as an alternative fuel, similar to compressed natural gas, propane, and hydrogen.

The Energy and Policy Act of 1992 has long recognized E85 - comprised of 85 percent domestic ethanol and 15 percent gasoline - as an alternative fuel for domestic energy policy purposes. The simple reason it was not included with natural gas, propane and hydrogen in the alternative fuel credit was the presence of the general ethanol credit. As the Committee knows, all automobiles can run on gasoline with 10 percent ethanol. Only special flexible fuel vehicles can run on E85 and there are over 9 million on the road today. E85 could be a viable alternative fuel today if the over 160,000 independent retailers across the country could be convinced that they would recover their investment in sales over the next 5 years. The price of E85 is the key to that successful return in investment.

The domestic auto manufactures, Ford, GM, and Chrysler have pledged that in model year 2012, half of their car production will be in flexible fuel vehicles. Unfortunately, the supply chain for E85 fuel is immature to non-existent in more than half of the states. Currently, less than 2 percent of service stations in the United States provide E85 as an alternative fuel option, compared to 100 percent of Brazil's 35,000 stations. This makes the fuel unnecessarily expensive in most of the country. More pumps mean lower prices. Unfortunately, outside of the Midwest, it is easier to find a clean bathroom along our nation's highways than it is to find an E85 fuel pump.

At the same time, as many as 2,500 small and mid-size businesses have made the financial jump into selling E85. With the large increase in prices caused by the sun-setting of the ethanol credit on December 31 of 2011, many stations are finding their sales have dropped dramatically. In effect, having relied on the government to make the significant investment – averaging over $150,000 – they now find themselves with stranded assets. Without the short-term price break that a tax credit provides, I am afraid that the 2,500 stations equipped to sell E85 and future cellulosic bio-fuel will begin to disappear, heading the supply chain in the opposite direction from what is needed for this alternative fuel to stand on its own without government intervention.

Based on current E85 sales, these changes would only cost <u>$54 million</u> annually, as opposed to the full ethanol subsidy, which costs <u>$6.3 billion</u> annually. In other words, fixing the E85 can be done for less than 1 percent of the cost of the entire ethanol subsidy, while ensuring that the significant infrastructure investments continue to be made while protecting the small businesses that have made investments to date.

Statement for the Record Submitted by the Honorable Vern Buchanan Member, United States House of Representative Committee on Ways and Means Subcommittee on Select Revenue Measures Hearing on Certain Expiring Tax Provisions April 26, 2012

Chairman Tiberi, Ranking Member Neal, and Members of the Subcommittee on Select Revenue Measures, I commend you for your leadership in moving forward with a much needed and long overdue examination of the provisions of the Internal Revenue Code that expired at the end of 2011 and that will expire at the end of this year.

I would like to take a moment to highlight one such provision that is important to many charitable organizations. Section 512(b)(13) allows charitable organization to maintain a structure that permits them to affiliate with a taxable entity on a limited basis while maintaining their charitable status and their vital charitable mission. Without the section some charities might have to consider a different structure that would reduce their commitment to charity.

In the Taxpayer Relief Act of 1997 under the leadership of Chairman Bill Archer, Congress permanently modified the rules relating to defining when a tax exempt organization has a controlling share of a related taxable subsidiary. Under the law, if the organization is controlled, payments to the exempt organization from the taxable subsidiary (usually in the form of interest, rents, and royalties) are taxable. Prior to this change, a tax exempt did not control a taxable subsidiary if it directly owned less than 80 percent; the 1997 modification reduced the share ownership level to direct or indirect control of 50 percent.

This change was of serious concern to many charitable organizations and tax exempts that are devoted to the support of charities because while it is a common practice to affiliate with taxable organizations, an ownership level below 50 percent would make it much harder for the exempt organization to protect the use of its most important attributes, its good name, its symbols, its logos and other identifying information, and its good will.

Following the enactment of the 1997 modification, numerous charities and organizations supporting charity entered into discussions with Chairman Archer, his staff, and with the Joint Committee on Taxation to develop an alternative test that would both meet the concerns that the Chairman had when he proposed the 1997 change, but also meet the needs of the charitable organizations. The result of these discussions was the development and enactment in the Pension Protection Act of an alternative test under which the IRS will use tools at its disposal to test whether payments between a tax exempt organization and a taxable subsidiary are at arm's length and fair market value. In the event that they are not, Congress not only provided that the excess payments would be taxed but also subject to a 20 percent excise tax.

This alternative test has worked well, but starting with its original enactment, became a part of the perennial extenders package for the political and budgetary reasons that the Committee is now trying to remedy.

Section 512(b) (13) is an alternative to a permanent provision in existing law that should itself have been made permanent.

The 512(b) (13) provision that expired at the end of 2011 is limited as well to existing contracts (and their renewals) in effect at the time of enactment. The assumption at that time was that when a future Congress undertook the painstaking effort of examining all of the extenders this provisions would, likely be made permanent and opened up to new arrangements.

I urge the Committee ultimately to extend section 512(b) (13) on a permanent basis with the removal of the existing limitation to contracts in effect on the date of enactment as part of that effort. If in the interim temporary extensions are needed one more time, 512(b) (13) should definitely be included as well.

I thank the Chairman, the Ranking Member, and the Members of the Subcommittee on Select Revenue Measures, for the important work they are doing, and for the opportunity to submit these comments.

STATEMENT OF REP. XAVIER BECERRA
WAYS AND MEANS SUBCOMMITTEE ON SELECT REVENUE
HEARING ON TAX EXTENDERS
MAY 10, 2012

Everyone knows that the Internal Revenue Code could use reforms to make it simpler, fairer, and more efficient. Examining temporary tax provisions is an important step in laying the groundwork for comprehensive tax reform.

I have supported a number of tax extenders that help spur economic growth and jobs. However today, rather than focus on one extender or another, I would like to urge the Committee to examine in depth and earnest the efficacy of each extender so we can prepare ourselves for the more consequential task of overall tax reform.

Today we find ourselves in a budget situation where every expenditure for mandatory and appropriated federal services receives heightened scrutiny, and the same should be true for expenditures in the tax code. The number of temporary tax provisions in the code number in the dozens. Having so many temporary provisions increases uncertainty in planning for families and for businesses, and the start-and-stop nature of temporary extensions for so many tax incentives is no way to run the largest and most advanced economy in the world.

Although we tend to look at the costs of extending these provisions one or two years at a time, the fiscal impact of extending all of these provisions is significant—in fact, according to CBO, the cost of extending all temporary provisions is $839 billion from 2013 through 2022—not including another $173 billion in associated debt service costs.

At a time when the majority seeks to slash access to health care for seniors and our poorest citizens, when we are being told that we simply cannot afford to invest in infrastructure and our schools, we need to take a hard look at our budget priorities and ensure every tax dollar, whether it's spent through the tax code or the appropriations process, is subject to the same standard of scrutiny.

Despite the merits of examining temporary provisions in the tax code as we prepare for tax reform, this particular process initiated by the majority on the Ways and Means Committee takes a very narrow view of what provisions deserve consideration by this Committee. Along with many of my colleagues, I am disappointed that this process arbitrarily excludes a number of provisions that have proven to be effective in promoting economic growth and creating jobs. For example, Build America Bonds helped finance hundreds of critical infrastructure projects across the country, and the 48C Advanced Energy Manufacturing Credit spurred new investments in renewable and advanced energy projects.

These provisions are no less deserving of consideration by this Committee as we explore how to best ensure our tax code supports economic growth, and I would encourage the majority to engage in comprehensive, not arbitrary, oversight of our tax code.

ADDENDUM:

I have in past Congresses sponsored bipartisan legislation on two tax extenders that I believe merit further consideration by this Committee in this process:

SECTION 198 ENVIRONMENTAL REMEDIATION TAX INCENTIVE – I have supported making Section 198 of the Internal Revenue Code permanent. Brownfields are abandoned or underutilized properties that have not been developed because of the presence of, or perceived presence of, hazardous substances. Section 198 allows a taxpayer to fully deduct the costs of environmental cleanup of brownfields properties in the year the costs are incurred. This provision was adopted to help incentivize cleanup and development of contaminated sites by providing a tax benefit to developers of brownfield properties. Unfortunately, the temporary nature of this provision has meant this incentive has not been as widely used as originally anticipated. Making this provision permanent will provide more certainty to developers, which will help lead to increased redevelopment and revitalization of contaminated properties in our neighborhoods.

SECTION 181 EXPENSING FOR QUALIFIED FILM AND TELEVISION PRODUCTIONS – I have also supported making expensing for qualified film and television productions under Section 181 permanent, which is important for productions across the country as well as in my district in Los Angeles. This provision helps the film and television industry continue to be a significant contributor of growth in our economy. Section 181 was enacted to ensure film and television production remains in the United States and continues to support well-paying jobs to communities nationwide. Film and television productions were excluded from bonus depreciation legislation that covers virtually every other domestic industry, and any changes in this provision should not be considered outside the context of overall tax reform.

Multiple Member Letter, Statement

Congress of the United States

Washington, DC 20515

The Honorable Dave Camp (R-MI)
House Ways & Means, Chair
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Sander Levin (D-MI)
House Ways & Means, Ranking Member
1106 Longworth House Office Building
Washington, DC 20515

The Honorable David Dreier (R-CA)
House Rules Committee, Chair
H-312 House Capitol Building
Washington, DC 20515

The Honorable Louise Slaughter
House Rules Committee, Ranking Member
1627 Longworth House Office Building
Washington, DC 20515

Dear Chairmen and Ranking Members,

We write to ask that you make in order or include in a manager's package an amendment restoring parity between the pre-tax transit and parking benefits to any surface transportation reauthorization bill considered on the House floor.

Beginning January 1, 2012, transit riders who use the transit portion of the commuter benefit saw the cost of their commute rise because the monthly cap on the transit benefit was reduced from $230 per month to $125 per month -- almost a 50% drop. Meanwhile, people who drive to work and park their car received an increase in their monthly benefit from $230 month to $240 month. Failure to pass legislation to extend parity between the transit and parking benefit at the end of 2011 results in a failed policy that rewards drivers and punishes transit riders.

If we do not act quickly, millions of middle-class transit and vanpool riders who generally live in suburban settings and have the longest and most expensive commutes will continue to be taxed more than their fellow commuters who drive alone to work. This inequity will force many commuters out of trains, buses, and vanpools, and back into their cars leading to increases in congestion, fuel consumption, lost production and wasted time.

The transit benefit also provides small businesses and job creators with a financial incentive to help their employees increase their disposable income. This is a perfect example of how targeted and effective federal policy can provide employers with an opportunity to help their employees save money on their commute. The money saved by these small businesses and job creators can be reinvested in their businesses to create new jobs.

We should not continue to promote a policy that hurts businesses that are doing the right thing by providing their employees with transportation alternatives. We support the inclusion of language re-establishing parity between the transit and parking benefits in any long-term surface transportation reauthorization bill.

Respectfully,

RANDY HULTGREN
Member of Congress

MIKE QUIGLEY
Member of Congress

BOBBY SCHILLING
Member of Congress

SAM FARR
Member of Congress

ELEANOR HOLMES NORTON
Member of Congress

ALLYSON SCHWARTZ
Member of Congress

NAN HAYWORTH
Member of Congress

C.A. DUTCH RUPPERSBERGER
Member of Congress

NIKI TSONGAS
Member of Congress

GERALD CONNOLLY
Member of Congress

HANK JOHNSON
Member of Congress

CHRIS VAN HOLLEN
Member of Congress

JOHN SARBANES
Member of Congress

JERROLD NADLER
Member of Congress

JOSEPH CROWLEY
Member of Congress

KEITH ELLISON
Member of Congress

JUDY BIGGERT
Member of Congress

DANIEL LIPINSKI
Member of Congress

ROBERT J. DOLD
Member of Congress

BOBBY L. RUSH
Member of Congress

EDOLPHUS TOWNS
Member of Congress

RAUL GRIJALVA
Member of Congress

JAN SCHAKOWSKY
Member of Congress

BOB FILNER
Member of Congress

DENNIS KUCINICH
Member of Congress

TIMOTHY JOHNSON
Member of Congress

JAMES MORAN
Member of Congress

ELIJAH CUMMINGS
Member of Congress

ZOE LOFGREN
Member of Congress

PETER KING
Member of Congress

RUSS CARNAHAN
Member of Congress

PETER DEFAZIO
Member of Congress

GREGORIO KILILI CAMACHO SABLAN
Member of Congress

DAVE LOEBSACK
Member of Congress

JIM GERLACH
Member of COngress

[Public Submissions for the Record follows:]

Statement for the Record
Hearing on Certain Expiring Tax Provisions
U.S. House Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012

Submitted by:
Manning Feraci
Vice President, Legislative Affairs
Solar Energy Industries Association
575 7th St. NW, Suite 400
Washington, DC 20004
202-682-0556
mferaci@seia.org

On Behalf of:
1603 Coalition

1603 Coalition

Statement for the Record
Hearing on Certain Expiring Tax Provisions
U.S. House Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012

Chairman Tiberi, Ranking Member Neal and Members of the Subcommittee:

The 1603 Coalition represents over a dozen clean energy industries and thousands of companies across the entire country. The coalition appreciates having the opportunity to submit a statement for the record for this important hearing regarding expiring tax provisions.

Background:

The Internal Revenue Code ("Code") provides a host of tax incentives designed to spur the development and use of domestic energy sources and technologies. In instances where a taxpayer does not have sufficient tax liability to utilize an energy tax incentive, project developers commonly monetize these credits by partnering with tax equity investors who have the liquidity and tax liability to utilize them.

The 2008 economic crisis and the subsequent recession rendered many clean energy tax incentives of little immediate value. Prior to the financial crisis, many renewable energy projects relied upon third-party tax equity investors to monetize the value of federal renewable energy incentives. The economic downturn drastically reduced the availability of tax equity, severely limiting the financing available for renewable energy projects.

Tax equity is the term used to describe the passive financing of an asset or project by large tax-paying entities that can utilize tax incentives to offset their tax liabilities. Tax equity investors in renewable energy projects receive a return on investment based not only on the income from the asset or project, but also on federal income tax preferences (through the utilization of tax credits). Project developers themselves typically do not have sufficient taxable income to benefit directly from these tax credits and must partner with tax equity investors in order to finance projects. For example, they participate in a partnership structure in which ownership of the project is transferred from the tax equity investor to the developer-owner once the tax benefits are realized. Leasing structures akin to those commonly found in many sectors of the economy are also utilized.

Sources: U.S. Department of The Treasury, US Partnership for Renewable Energy Finance, and Leading Tax Equity Market Participants

The pool of tax equity investors is typically limited to the largest and most sophisticated financial firms and utilities, and the 2008 economic crisis significantly reduced the market demand among these entities for tax equity. A report released by the Bipartisan Policy Center on March 22, 2011, noted that the number of tax equity investors in renewable energy projects declined from approximately 20 in 2007 to 13 in 2008 and only 11 in 2009. The associated decline in overall tax equity financing provided to renewable energy projects was equally dramatic, falling from $6.1 billion in 2007 to $3.4 billion in 2008 and $1.2 billion in 2009.

Background on the Section 1603 Treasury Program

The Section 1603 Treasury Program ("1603") was enacted in 2009 and extended in 2010 to address the lack of tax equity available to finance renewable energy projects. The program lapsed at the end of 2011.

It is important to note that under the 1603 program, the government does not pick winners and losers – it simply allows taxpayers to receive a federal grant in lieu of taking an existing energy tax credit they are otherwise entitled to claim. This merely constitutes a change to the timing of when an existing energy tax incentive can be utilized. This change in timing, however, provides the liquidity needed for the further development of domestic energy projects.

Section 1603 Treasury Program Has Been a Success

1603 is structured in a technology neutral manner that encourages the development of a wide variety of domestic energy technologies including: biomass; combined heat and power; fuel cells; geothermal; hydropower; landfill gas; marine hydrokinetic; microturbine; municipal solid waste; wind and solar.

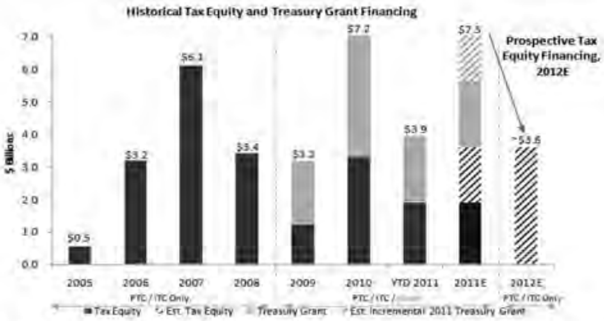
Since its enactment, the National Renewable Energy Laboratory's ("NREL") preliminary analysis conservatively estimates that 1603 has supported an average of 52,000 to 75,000 jobs over the period analyzed. The program has leveraged $25.8 billion in private sector investment to support over 34,000 domestic projects utilizing a wide range of energy technologies in all 50 states.

It is important to note that 1603 is particularly helpful for small businesses that are the nation's engine of economic growth and job creation. These businesses typically do not have the resources or scale to enter into complicated tax equity financing transactions. By virtue of its structure, 1603 allows small businesses and project developers to monetize the underlying ITC or PTC to finance the development of worthwhile distributed generation projects.

Congress Should Extend the Section 1603 Program

Though the tax equity market has modestly improved, there remains a need for 1603. Access to tax equity financing has still not recovered to the levels available prior to the recession, and the rates of return that are being demanded in today's marketplace by investors remain prohibitively high.

Due to global economic conditions, a large gap persists between the total amount of financing that renewable energy developers need to fully realize the benefits of continued expansion of domestic solar projects. Expiration of 1603 is projected to reduce the availability of tax equity financing from an estimated $7.5 billion in 2011 to approximately $3.6 billion in 2012 – a reduction of more than 50%. This will stifle job creation and severely restrict the market's ability to leverage private sector capital to finance new domestic energy projects. Therefore, to continue this successful, job-creating program, the 1603 Coalition encourages Congress to extend 1603.



Sources: U.S. Department of The Treasury, US Partnership for Renewable Energy Finance, Leading Tax Equity Market Participants

Conclusion

Chairman Tiberi, Ranking Member Neal and Members of the Subcommittee, the 1603 Coalition again thanks you for the opportunity to provide a statement for the record. For your reference, attached is a copy of a November 30, 2011 letter to the Leadership of the U.S. House and U.S. Senate signed by over 750 companies and trade organizations in support of extending 1603.

Appendix

November 30, 2011

The Honorable John Boehner
Speaker of the House
United States House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Majority Leader United
States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Democratic Leader
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

Dear Congressional Leaders,

The undersigned companies, small businesses and organizations are writing to ask that you extend the highly effective Section 1603 Treasury Program before it expires on December 31, 2011. Extension of this program will create jobs, spur economic growth and promote private sector development of energy technologies.

The Internal Revenue Code provides a host of tax incentives designed to spur the development and use of domestic energy sources and technologies. Project developers commonly monetize these tax incentives by partnering with tax equity investors who have the liquidity and tax liability to utilize the credits.

The 2008 economic crisis and the economy's subsequent downturn drastically reduced the availability of tax equity, severely limiting the financing available for energy projects. The Section 1603 Treasury Program, which was enacted in 2009 and extended in 2010, allows energy developers to receive a federal grant in lieu of taking an existing energy tax incentive they are otherwise entitled to claim. This is simply a change to the timing of when an energy incentive can be claimed. This change in timing, however, provides the liquidity needed for the further development of domestic energy projects.

The 1603 Treasury Program has been a resounding success. Since its enactment, the program has leveraged over $22.8 billion in private sector investment to support over 22,000 projects utilizing a wide range of energy technologies in all 50 states. This has resulted in thousands of new American jobs. The 1603 Treasury Program is an efficient finance mechanism that allows taxpayers and small businesses to maximize the return and value of existing energy tax incentives, and is technology neutral so it encourages the development of a wide variety of domestic energy technologies.

Lastly, there remains a need for the 1603 Treasury Program. The tax equity market modestly improved in 2010, but still has not recovered to pre-recession activity. A July 2011 survey of the major tax equity investors by the U.S. Partnership for Renewable Energy Finance estimates expiration of the program would shrink the total financing available for energy projects by 52 percent in 2012. This would stifle job creation and severely restrict the market's ability to leverage private sector capital to finance new domestic energy projects.

Thank you in advance for your consideration. We look forward to working constructively with you to meet the nation's economic and energy policy goals.

Sincerely,

764 signatoriesas of November29, 2011

Associations & Trade Groups

American Biogas Council

American Council of Engineering Companies

American Council on Renewable Energy (ACORE)

American Iron & Steel Institute

Arizona Solar Energy Industries Association

Biomass Power Association

California Biomass Energy Alliance

Clean Coalition

Colorado Independent Energy Association

Distributed Wind Energy Association

Energy Future Coalition

Fuel Cell and Hydrogen Energy Association

Hawaii Solar Energy Association

Independent Energy Producers Association

Iowa Wind Energy Association

Large-scale Solar Association

Los Angeles Business Council

Missouri Solar Energy Industries Association

Montana Renewable Energy Association

National Association of State Energy Officials

National Development Council

National Electrical Contractors Association

National Hydropower Association

National Roofing Contractors Association

North Dakota Alliance for Renewable Energy

Ocean Renewable Energy Coalition

Offshore Wind Development Coalition

Ohio Business Council for a Clean Economy

Oregon Solar Energy Industries Association

Semiconductor Equipment and Materials International (SEMI)

Solar Energy Industries Association

Solid Waste Association of North America

Texas Renewable Energy Industries Association (TREIA)

U.S. Clean Heat & Power Association

Individual Companies

411GREENWAVE CORP.

1SolTech Inc.

2G-CENERGY Power Systems Technologies Inc.

4BestSolar

A&R Solar

A.Giddens Electric, Inc.

AAASolar Energy Free LLC

Abengoa Solar

Absolute Comfort

Absolute Solar

Absolutely Solar Inc.

Acala Partners, Inc.

Ad Energy LLC

Adonis Eco-Housing

Advanced Conservation Systems Inc.

Advanced Energy Industries Inc.

Advanced Energy Solutions Group, Inc

Advanced Energy Systems

Advanced Solar Products

Advanced Technology Industries Inc

AEE Solar, Inc.

AeonSolar LLC

Aeronautica Windpower, LLC AGC Flat

Glass NA, Solar Group Alabama

Alternative Energy Solutions Aladdin

Solar

Albasolar LLC

Alicity Development, LLC	Apex Wind	BIOFerm Energy Systems
All Green and Lean	Apollo Energy Partners	Biogas & Electric LLC
Allana Buick & Bers	Appleton Solar, LLC	Black & Veatch Corporation
AllEarth Renewables, Inc.	Applied Materials	Bloom Energy
All-Force Renewable Energy Sources, Inc.	Applied Solar LLC	Blue Chip Energy
Alliance Cooperative Energy,LLC	Apricus, Inc.	Blue Marble Solar, LLC.
Alliance for Industrial Efficiency	AREVA Solar, Inc.	Blue Ridge Energy Company
Allwest Energy, Inc.	Arkay Solar	Bob Heinmiller Solar Solutions, LLC
Alpine Power Systems Inc.	Artha Sustainable Living Center LLC	Bold Alternatives
Alpine Solar Design	Astralux Power Systems	Border Solar / SS Energy
Also Energy, Inc.	ATAS International	Borrego Solar
Alstom	Atlantech Solar	Bright Plain Renewable Energy
ALT Energy	Atlantic Design Engineers, Inc	Brightergy Solar Solutions
Alta Devices	AU Optronics	Brightside Solar Energy Co., LLC
Alta Energy, Inc.	Automtion Dynamics	BrightSource Energy
Alternate Energy Technologies	Avalence, LLC	Brilliant Green Energy, Inc
Ambassador Energy, Inc.	Avante Plumbing	BRUGG Pipesystems
Amberg Renewables	Axium Solar Aztec	Bubbly Dynamics, LLC
American Electric	Solar Inc Baker	Butler Sun Solutions, Inc.
American Piping & Boiler	Electric Solar	C-21 Real Estate Champions
American Reliant Corp.	Bales Energy Associates	Caleffi Solar
American Renewable Energy	Ballard Power Corporation	CalEnergy Operating Corporation
American Solar Direct Inc.	BDI-BioEnergy International	California Clean Energy LLC
American Solar Integrators Midwest, LLC	Beaumont Solar	California Solar Thermal, Inc.
Amonix Inc.	Beaver Brothers, Inc	Calisolar
Anaergia Inc.	Bella Energy	Canadian Solar Inc.
Andgar Corporation	Belvedere Equipment Finance	Cape Wind
Andigen	Best Energy Power LLC	Capitol Hill Energy Co-op

Capstone Turbine Corporation

CarbonFree Technology Corp

Carolina Solar Energy LLC

Carrier Class Green Infrastructure

Cascade Community Wind Company

Catalyst Renewable Energy

CBRE, Inc. CEM

Design Cenergy

Power

Center for Environmental Innovation in Roofing

Centrosolar America Certified

Solar Solutions, LLC CFV Solar

Test Laboratory, Inc.

Chesterfield Associates

Chicago Solar Architects

Choice Solar & Geothermal, Inc.

CIC Energy Construction & Supply LLC

Cinco Solar, Inc.

Clean & Solar LLC

Clean Energy North America, LLC

Clean Power Advisors, LLC

Clean Power Finance

CleanPath Ventures

CleanTECH San Diego

Clear Horizons/Pieper Electric

ClearEnergy Inc.

ClosetPlace

CMI SOLAR ELECTRIC

Cogenra Solar Inc.

Combustion Research Associates

Comfort Engineered Systems

Commercial Power Partners

Commercial Solar Power, Inc.

Community Energy, Inc.

Community Solar Power LLC

Compass Solar Energy

Concurrent Design, Inc.

Cone Drive Operations, Inc.

Connexion ES

Consolidated Products Group, Inc.

Contemporary Design Co.

Control Laboratory, Inc.

Convergence Energy, LLC

Cool Earth Solar

Corona Solar Group, LLC

Cotuit Solar

CP Advisors, LLC

CR&R Incorporated

Creative Energies

CSUN

CurrencyEnergy

Current Electric Co.

Curtis Engine & Equipment

Custom Solar and Leisure LLC

DAI Energy, Inc.

Dakota Plains Energy

Dark Field Technologies, Inc.

dasolar.com

De Lage Landen Financial Services, Inc

Deaton & Associates LLC

Dehlsen Associates LLC

Delta Energy Group

Diane Henkels, Attorney at Law

Direct Power and Water Corporation

Discount Solar Sales & Service

Distributed Energy Partners

Dogwood Solar

Dovetail Solar and Wind

Dow Corning Corporation

DPW Solar

Duke Energy

DuPont

Dynamic Solar

E2 Solar

E3 Power Company

Earth and Sky Architecture

EarthKind Solar

Earthsponse, LLC

Eastern Shore Solar

EBR Energy Corporation

Eco Depot USA

Eco Energy Age, LLC

Eco Friendly Energy Company

Eco Group Solar Division
Eco Innovations VI
EcoBilt Energy Systems
EcoCorp
Ecolectrics
Eco-Smart.com
Ecotech Energy Systems, LLC
Efficient Energy of Tennessee
Efficient Resource Management
eFormative Options
EKO GEA
El Paso Electricians JATC
Electro-Thermal Equipment Corporation
Elemental Energy LLC
Elite Solar Services
EmPower CES, LLC
Empower Energy Technology
EmPower Solar
Encore Redevelopment
Endurance Wind Power
Enerdyne Power Systems, Inc.
Energy Alternatives LLC
Energy Answers International
Energy By Choice, LTD.
Energy Concepts, Inc.
Energy Industries
Energy Systems & Installation
Energy Wise Solutions
Enfinity America Corporation
EnergyPro
Environmental Fabrics Inc
Essential Consulting Oregon
Estriatus Law
ET Solar Inc
ETA Engineering, Inc.
Ethos Distributed Energy
ETM Solar Works
EV Solar Products, Inc.
Everyday Energy
Eznergy LLC
FAFCO Inc.
Fafco Solar Energy
Farmatic Inc.
First Solar
Fisher Renewables,LLC
Fishermen's Energy
Foundation of Sustainable Living
Free Energy Corporation
Free Hot Water
Freedom Energy, LLC
FuelCell Energy, Inc.
Full Circle Power Systems LLC
G3 Energy, LLC
General Sheet Metal Works
Geoscape Solar
Gestamp Solar Steel
GlassPoint Solar
GleanPower
Global Green USA
Global Solaris Group
Globe Solar Energy Inc.
Gone Green LLC
Good Energy Solutions, Inc.
Grand Solar, Inc.
Granite Bay Energy
GreanGrid Solar
Great Rock Windpower
Green Capital
Green Convergence
Green CPA, LLC
Green Earth Solar, LLC.
Green Planet Solar Systems Corp
Green Star Solutions, Inc.
Green State Solutions
GreenBrilliance LLC
GreenPower Capital
Greenspring Energy LLC
Grid Solar, LLC
Gridwerks Consulting, Inc.
groSolar
Gryphon International Engineering
Gulf South Solar
GUSC Energy, Inc.
H2O Thermal

Haleakala Solar Inc
Hamon Engineering
Hanergy Holding America Inc.
Hannah Solar
Harmon Electric dba Harmon Solar
Harney Lighting & Electric
Harriman's Solar
Harvest Power, Inc.
Harvest Solar Energy
Harvest The Wind Network
Hawaii Solar & Wind, LLC
Hawaiian Island Solar Inc.
Hawkensen Construction, Inc
hb Solar Atlanta, LLC
HelioPower Inc.
Helios Solar Works
HelioSage Energy, LLC
Hemlock Semiconductor
High Noon Solar
Hoss Consulting Inc.
IAPMO R&T
Independence Renewable Energy
Independence Solar
Independent American Energy Company, Inc.
Independent Energy Solutions, Inc.
Infinergy Wind and Solar
Infinia Corporation
Infinite Solar, Inc.
INGETEAM
Inovateus Solar LLC
Institute for Global Education
Integrated Power Corporation
IntelliGen Power Systems,LLC
Intelligent Generation LLC
Ion Solar
IRC Solar Roof Systems
J-Com Enterprises, Inc.
JDS Power, Inc.
Jetion Solar (US) Corporation
Jiangsu Ever-Solar New Energy Co., Ltd.
Jigar Shah Consulting
JMS Solar Network & Associates
Jodi Lorimer Voiceworks
Johnson Matthey Inc
Jordan Properties Llc.
Joule, LLC
JSH International
Jungreis Law
Just Energy LLC
K Road Power
Kahn Solar
Kamaka Green, LLC
Kaufman Lynn Energy
Kenergy Solar
Kettle View Renewable Energy LLC
KIOTO Clear Energy S.A. de C.V.
Klunder Consulting
Konarka Technologies Inc
Krannich Solar, Inc
Kurt Johnsen Energy Systems
Kyocera Solar
LaFrance Corporation
Lake County Resources Initiative
Lake Effect Energy Corporation
Large-scale Solar Association
Lauritzen Inc.
Lee & Associates
Legacy Solar, LLC
Lemonadevertising
Light Source Design and Consulting
LightWave Solar Electric, LLC
Linde North America, Inc
Linuo Ritter USA
Lite Solar Corp
LiveLight Energy
Longhorn Solar
Ludvik Holdings, Inc
Lumen Solar LLC
Luqman Enterprises, LLC
Madison Solar Consulting
Mage Solar USA
Magellan Search Group
Main Street Power Company, Inc.

Make It Right New Orleans
Make It Right Solar, Inc.
Marc Jones Construction
Mark J. Connolly PE
Martifer Solar USA, Inc.
Master Solar Supply
Maui Pacific Solar, Inc.
Maui Solar Energy Systems
McCully Solar Group
McNabb Marketing Resources, Inc.
MegaWatt Solar
Melasecca Electric Melcrhis
Holdings, LLC Melink
Corporation Mercury Solar
Systems, Inc. Meridian
Solar, Inc. MidAmerica Solar
LLC Milbank Manufacturing
Milbank PowerGen
Mindswing Consulting
Mirasol Fafco Solar, Inc.
Missouri Solar Applications,LLC
Mitsubishi Electric and Electronics USA
Mountaintop Greene Clean Energy
Mr Sun Solar
MX Solar USA LLC.
Namaste Solar
National Lease Financing Services

NationWize Solar
Natural-E LLC
NC Solar Now, Inc.
NDC Green, Inc.
NDC's Housing and Economic Development Corp.
NEL Hydrogen
New South Solar Systems, Inc.
Nexus Energy Solutions USA
Niagara Wind & Solar
NightOwl Music
NitroXenergy
Nixon Peabody LLP
Nordic Windpower
North Wind Renewable Energy, LLC
Northern Biogas
Northern Power Systems
Nova West Solar
Noveda Technologies
NRG Energy
NW Wind & Solar Oasis
Montana Inc. Obsidian
Renewables, LLC
Ocean Renewable Power Company
O'Connell Electric Co.
Omnipoint Applied Labs
One Sun Inc.
OnForce Solar, Inc

Ontility, LLC
OPDE U.S.
Orange Rockland Solar Inc.
Orbit Energy, Inc.
Oregon Wave Energy Partners I, LLC
Organic Matters, Inc.
Organic Services US, Inc.
Organics Management
Pacific Energy Ventures, LLC
Palmer Capital Corporation
Palomar Solar
Panama Solar Technologies
Panasonic Corporation of North America
PanelClaw, Inc.
Patrick Lakey, Attorney at Law
PeterCares House
Petersen-Dean, Inc.
PHAT Energy
Phoenix Solar Incorporated
PHOTON Consulting
Pieper Electric, Inc.
Pinnacle / SunRun Solar
Plainview Electric, LLC
Planet Impact Inc.
Planet Solar Inc
Platt Electric
Plug Power Inc.
Plumbgood Plumbing

Polaris Energy System of The High Country

Policy Capital Advisors

Positive Energy Alternative, LLC

Power & Light Efficiency Services, Corp

Power Production Management, Inc.

Power Solutions

PPC Solar

PPG Industries

PPT Solar

Praxis Solar

President Solar

Pristine Sun LLC

Proterra Solar

Proton OnSite

Prudent Energy Group

Puget Sound Solar

Pursuit Brokerage

PV Advanced Concepts

PV Recycling LLC

PVPower, Inc.

Q-Cells SE Quantum

Analysis Quasar Energy

Group Radian Energy

Systems Radiance Solar

Rand Associates, Inc.

Ray Angelini, Inc.

RBI Solar, Inc.

RCM International LLC

Reading Electric Renewables

ReadyCom, Inc.

Real Energy Solutions

RealEnergy REC

Solar Recurrent

Energy

Recycled Energy Development

Red Barn Consulting

ReflecTech, Inc.

Reis Robotics USA

Renewable Energy Associates

Renewable Energy Constructors

Renewable Northwest Project

Renewable Operations

Renewergy Solutions Group, LLC

Renogy LLC

Rentech, Inc.

ReVision Energy

RevoluSun LLC

Rio Grande Solar, LLC

Rioglass Solar Inc.

RMT, Inc.

Rohan Engineering, PC

Roman Consulting, Inc.

Roof Diagnostics Inc

Roof Integrated Solar Energy

Rose Law Group PC

Rotation LLC

R-qubed Energy, Inc

RRE Austin Solar, LLC

RRE Power LLC

RS Energy

Run on Sun

Ruyoka Uganda LTD

Ryan Companies US, Inc.

S-5! Attachment Solutions Metal Roof Innovations, Ltd.

Safari Energy

SAIC

Samba Energy, LLC

San Francisco Dept of Environment

San Francisco Energy Cooperative

Sanyo North America Corporation

Sapphire Solar

Satcon Technology Corp

Scatec Solar North America, Inc.

Schneider Electric

Schott North America

Schuco USA LLLP

SCS Renewables

Seminole Financial Services

SENER USA

SES 21 USA, LLC

Seventh Generation Energy System

Sharp Electronics Corporation
SiC Processing USA LLP
Siemens Energy Inc.
Siliken
Simple Power
Sky High Energy, LLC
Skylands Renewable Energy, LLC
Skyline Innovations, LLC
Skyward Solar Power Company
Slater Solar
Slayden Construction Group Inc
Soitec
Solar & Renewable Power Systems, LLC
Solar Contracting Service
Solar Design Solutions
Solar Design Studio
Solar Direct
Solar Impact, Inc.
Solar Now LLC
Solar Plexus LLC
Solar Plumbing Design
Solar Plus Energy Pros
Solar Radiation Monitoring Laboratory - University of Oregon
Solar Roof Development
Solar Service Center
Solar Siting LLC
Solar Smart Living, LLC

Solar Solutions & Distribution, LLC
Solar Source Inc.
Solar Source Consulting
Solar Sphere, LLC
SOLAR TREK, Inc.
Solar Trust of America
Solar USA, LLC
Solar Vision Inc
SolArc Energy Prospectors Inc
SolarCraft
SolarDock
SolareAmerica
Solar-Fit
SolarFlair Energy, Inc.
Solaria Corporation
SolarMan, LLC
SolarNexus, Inc.
Solarpack Development
SolarPro & Home Power Magazines
SolarReserve, LLC
Solarscape Energy LLC
Solar-Tec
SolarTech
Solartronics
SolarUS, Inc.
SolAspect
Solaya Energy
Solect Energy Development, LLC

Solectria Renewables, LLC
Solential Energy Solutions
Solgenix LLC
Solis Energy Solutions, LLC
Solis Partners, Inc.
Solmentum
Sologen Systems LLC
SOLON Corporation
Solscient Energy, LLC
Soltage, LLC
Solutia Inc.
Sonali Energees USA LLC
Sonali Solar
Sonnen Systems Inc.
Sopogy
South Coast Solar, LLC
South Mountain Company, Inc
Southeast Solar Co.
Southern Atlantic Solar, LLC
Soveren, Inc
Spectrum Energy Group
Spire Corp
SRI Energy, LLC
Standard Solar
Stealth Solar, LLC
Stillwater Mining Company
Stion
Structured Finance Associates

Sullivan Solar Power

Sun Farm Netwok

Sun Light & Power

Sun Storage

Sun Valley Solar Solutions LLC

Sunbreak Solar

Suncatcher of Atlanta

SunChiller

Sundial Solar Power Developers, Inc.

SunDog Solar

SunEdison

SunEnergy Americas Inc.

SunEnergy Power Corporation

Sunergy World, Inc.

Sunetric Sungevity

SunGreen Systems

SunHedge Suniva,

Inc. Sunmodo

Corp.

Sunnovations Inc.

SunPower Corporation

SunPumps, Inc.

Sunray Solar Inc.

SunRun Sunsense,

Inc. Sunshine Energy,

LLC SunSpec, LLC

Suntech America, Inc.

Sunvaic

SunVest Solar, Inc. SunWize

Technologies Superior Solar

Systems, LLC.

Sustainable Energy Developments

Sustainable Energy Financing, LLC

Sustainable Energy Solutions, LLC

Sustainable Law, PLLC

Sustainable Living Technology

Synchro Solar

Synergy Energy LLC

Synergy Renewable Systems, LLC

Team Gemini LLC

TeamAg, Inc

Teanaway Solar Reserve

Technology Assessment International

Tecta Solar, a division of Tecta America Corp.

Tenaska Solar Ventures

Teragram Energy

Terra Posts PV

Terra Viva, Inc.

Teru Talk

Tetra Tech, Inc.

TEVA Energy, LLC

Texas Solar Juice

The Alchemy Group, Inc.

The Energy Store

The Leveredge

The Solaray Corp. dba Inter-Island Solar Supply

Therma Breeze, Inc.

Third Coast Solar LLC

Third Sun Solar

Today's Energy Solutions

Torresol Energy

Toshiba International Corporation

Tower Top Energy Consultants

Transform Solar

Transition Staunton Augusta

TreadStone Technologies, Inc.

Trina Solar

Triple "H" Pools

TRMancini Solar Consulting

TRUST Energy

Turtle Energy

U.S. Biogas LLC

U.S. Photovoltaics, Inc.

UMA Solar

Unirac

United Electric Supply

United Renewable Energy, LLC

United Solar Ovonic

Urban Grid Solar

Urban Ore, Inc.

US Solar Distributing

USA Solar Power, LLC

USGBC California

UTS Bioenergy

Vanguard Energy Partners

VB Engineering

Veolia Energy North America

Verengo Solar

Vergnet Americas

VeriSol

Verliant Energy Partners

Vermont Community Solar, LLC

Verve Solar Consulting

Vision42

VisionSun Design LLC

VOW Resources LLC

Waste to Energy Group, LLC

Wave Energy Conversion Corporation of America

Wedeberg Family Farms

Wellons Inc.

Werner Electric Supply

WES Engineering Inc.

West Coast Power Solutions

West Wind Renewable Energy Corp.

Western Renewables Group

White Camp Solar, LLC

White Construction, Inc

Wilson Electric

Wilson Sonsini Goodrich & Rosati, P.C.

Wind Analytics

WinderLumen LED

Windsine Inc

Wirsol Solar Americas

Wisconsin Energy Conservation Corporation

Wiser Solar LLC

Xero Solar

Yingli Green Energy Americas

Zackin Publications Inc.

Zimmer America Solar Power

Statement of Aaron Funsfsinn

The *temporary* Production Tax Credit for wind energy was enacted in 1992. If the industry has not caught up with the market by now, then it will never catch up with the market. It is vital to the future of our economy that electricity prices be reduced, not hidden by tax credits. I am from a farm family and we oppose the extension of this tax credit. Most farmers who have been pushed aside by the wind industry, which is more interested in capturing tax credits than compensating farmers for the loss of their property value, do not support the extension of this tax credit. Recently, I spoke with a farmer who actually rented property on which wind turbines sit. He told me that drainage tile was crushed by the heavy equipment and cranes, soil was compacted, electrical cables that were supposed to be buried five feet deep were exposed at the surface, and rock was thrown into the field, which caused $1,000 damage to equipment. You will find that the majority of farmers and landowners near these wind "farms" oppose the extension of this tax credit and other supports. The following excerpts were written by Glenn R. Schleede:

Point 4: Large parts of the true capital and operating costs of electricity from wind are hidden because massive federal, state and local tax breaks and subsidies shift much of its true cost from "wind farm" developers and owners to taxpayers and electric customers. Wind industry officials and lobbyists as well as the politicians, regulators, and other government officials, government contractors, and non-government organizations (NGOs) that support wind industry interests, often understate greatly the true cost of "wind farms" and electricity produced from "wind farms." Sadly, some electric utility officials also participate in hiding the true costs of electricity from wind. When initially proposed, the rationale for providing tax breaks and subsidies for wind energy was to help a relatively new technology for producing electricity compete with established electric generating technologies until advances in technology would permit wind to compete without subsidies. However, the massive tax breaks and subsidies now available and the wind industry's well-financed lobbying efforts to preserve, expand, and extend them makes clear that there is no longer any serious expectation that electricity from wind will become competitive or that significant advances in wind technology are likely to ever permit wind to become a competitive source of electricity.

The US Energy Information Administration (EIA), in an April 2008 report, indicated that federal tax breaks and subsidies during 2007 averaged $0.2337 per kWh of electricity produced by wind during 2007. However, that EIA report underestimated the true cost of the tax breaks and subsidies for wind because it:

- ☐ Failed to take into account either the value of 5-year double declining balance accelerated depreciation (described below) that is available for "wind farm" equipment, but not available for reliable generating units.
- ☐ Did not cover, of course, over $1 billion in additional tax breaks and subsidies for wind energy awarded in 2009 by the US Departments of Energy and Treasury (authorized by various "stimulus" measures) allegedly to create jobs in the US. As indicated below, a significant share of these awards were for projects owned by foreign entities, covered equipment manufactured in other countries, or flowed to owners of "wind farms" were already under construction or completed.
- ☐ Did not cover state and local tax breaks and subsidies for "wind farm" owners.

Among the many federal, state and local tax breaks and subsidies that reduce "wind farm" developers' and owners' costs — while shifting those costs to ordinary taxpayers and electric customers – are the following:

A. **Federal tax breaks and subsidies.**

1. Accelerated Depreciation (MACRS). Nearly all the capital cost of a "wind farm" – whether financed with equity or debt — can be recovered through deductions from otherwise taxable income using 5-year double declining balance accelerated depreciation (5-yr.-200%DB). These deductions from taxable income reduce tax liability at the owner's marginal tax rate, usually $35 for each $100 deduction. All of the eligible capital cost can be written off ("recovered") over 6 tax years at the following rates – illustrated with $100,000,000 in eligible capital cost:

	Deduction from taxable income		Further reduction in income tax
Tax Year	% of Capital investment	Amount	liability (in addition to PTC)
1st	20%	$20,000,000	$ 7,000,000
2nd	32%	$32,000,000	$11,200,000
3rd	19.2%	$19,200,000	$ 6,720,000
4th	11.52%	$11,520,000	$ 4,032,000
5th	11.52%	$11,520,000	$ 4,032,000
6th	5.76%	$ 5,760,000	$ 2,016,000
Totals	100%	$100,000,000	$35,000,000

2. Note that these deductions from otherwise taxable income and from tax liability could be taken regardless of whether the $100 million "wind farm" investment is financed with debt or equity.

3. Note also that, in addition to the further reduction in tax liability, this generous accelerated depreciation deduction for federal income tax purposes has two other huge benefits; specifically:
   a. Prompt recovery of all the owner's equity investment. Quite likely, the equity investment by "wind farm" owners and their "tax partners" would be no more than 30% with the remaining borrowed to reduce its cost. As the table above shows, all of the equity investment would be recovered thru depreciation deductions early in the second tax year and in less than 1 year if the project begins operating late in the first tax year. With no remaining equity investment, the owners' return on equity would be infinite.
   b. A large interest-free loan. The depreciation deduction continues even though all equity has been recovered. Thus, in effect, the owners receive an interest free loan, courtesy of US taxpayers for an amount equal to the debt financing.

4. Wind Production Tax Credit (PTC). A "wind farm" owner is eligible for a Wind PTC, currently $0.021 per kilowatt-hour (kWh), for electricity produced during the 1st 10 years of operation. The new expiration date for the PTC was extended

to December 31, 2012. If the illustrative $100 million project had turbines with the combined, "rated" capacity of 50 megawatts (MW) and they operated at a 30% capacity factor, the turbines would produce 131,400,000 kWh of electricity each year, the owners would receive a tax credit (a direct deduction form tax liability) of $2,759,400 per year during the first 10 years of operation, thus reducing federal income tax liability by $27,594,000 over 10 years.

5. Investment Tax Credit (ITC). "Stimulus" legislation enacted during 2008 and 2009 permits "wind farm" owners to choose an investment tax credit (i.e., a direct deduction from taxes otherwise due) equal to 30% of capital costs in lieu of the Production Tax Credit. If the "wind farm" owner does not have sufficient tax liability to use all of the ITC deduction, unused amounts can be carried forward and deducted in future years. This tax break is available for projects placed in service during 2009 and 2010 or where construction has started by 2010 and placed in service before the end of 2012. The newly authorized ITC has substantial benefits for "wind farm" owners compared to the PTC because (i) the benefit is available immediately rather than over a 10- year period and (ii) the benefit is based on capital cost and, therefore, is available regardless of the amount of electricity produced by the "wind farm."
6. Cash Grant in Lieu of ITC. The generous 2008-2009 "stimulus" legislation also made "wind farm" developers eligible for the ITC to elect to receive a cash grant of equal value from the US Treasury in lieu of the ITC. During September 2009, The US Departments of Treasury and Energy awarded grants for "wind farm" projects totaling about $900 million. $546 million or nearly 60% of the total was awarded to the Spain-based firm, Iberdrola. The Iberdrola CEO has indicated that he expects to win another $470 million in grants from Treasury and DOE during 2010. Creating jobs was, allegedly, a key reason for the $787 billion "stimulus" legislation but most of "wind farm" projects included in the $1 billion in grants awarded by Treasury and DOE on September 1 and September 22, 2009, were for (a) projects that were already completed, nearly completed or already fully committed to by the grant recipients, (b) were equipped with turbines manufactured primarily in other countries, and (c) were owned by foreign-based companies. Furthermore, "wind farms" result in very few new jobs, certainly fewer than would be created by similar investments in reliable generating units powered by traditional energy sources. (Clearly, any claim that the huge expenditure of tax dollars that were given to owners of "wind farms" would provide significant job and economic benefits in the US cannot be taken seriously.)
7. Loosened requirements for tax breaks and subsidies. The same stimulus legislation also relaxed a number of restrictions on that had applied to the tax breaks and subsidies. A report recently released by DOE's Lawrence Berkeley National "Laboratory" (LBNL) – while objectionable in several respects – provides a useful summary of generous tax breaks and subsidies now available for "wind farms."
8. US Department Agriculture Grants. While not targeting large commercial "wind farms," a variety of renewable energy production incentives, grants, loans, and

low interest bond arrangements are available for certain wind energy projects. These are also summarized in the LBNL report cited above. Some of these arrangements are available for large wind turbine projects owned by Rural Electric cooperatives and public power organizations owned by state and local governments.

9. DOE Loan Program. A DOE loan program intended to encourage the commercialization of "innovative energy technologies" was first authorized by the Energy Policy Act of 2005 and then was substantially expanded by the American Recovery and Reinvestment Act of 2009. Billions in loans and loan guarantees are available for various renewable energy (including wind) and energy efficiency projects. One wind project (Nordic Windpower) has been approved via this program for a $16 million loan. Final regulations for this DOE program were issued on December 7, 2009.
10. Additional US Department of Energy (DOE) Subsidies. The DOE provides several additional subsidies to the wind industry, all financed with tax dollars, including:
    a. Some $60 to $100 million per year for "wind energy R&D" contracts and grants.
    b. Additional millions in taxpayer dollars for "studies," "analyses," "reports," and other wind energy promotional information prepared by or for DOE's Office of Energy Efficiency and Renewable Energy (DOE-EERE), DOE's National Energy "Laboratories," state energy offices, and other DOE contractors and grantees.
    While the National "laboratories" undoubtedly perform some objective work that is based on scientific methods and engineering principles, much of the information issued by these organizations that deals with wind energy is demonstrably biased, misleading, and even false. These "laboratory" activities are more akin to those carried out by trade associations that typically provide one-sided information (or propaganda) that is used to influence the public, media and government officials.
    c. More taxpayer dollars flowing though DOE and NREL to support various state government wind promotional activities and to state "wind working groups," consisting of wind industry representatives and other wind energy advocates (but seldom, if ever, include representatives from citizen groups opposed to "wind farms") that work in support of wind industry objectives.
11. Mandated use of "renewable" energy by Federal Agencies. The Energy Policy Act of 2005 requires the following amounts of total electricity consumed by the Federal Government to come from renewable energy:
    - ☐ No less than 3% in fiscal years 2007-2009
    - ☐ No less than 5% in fiscal years 2010-2012
    - ☐ No less than 7.5% in fiscal year 2013 and thereafter

    Presidential Executive Order 13423, issued in January 2007, requires that at least one-half of the required electricity from renewable energy come from "new renewable sources." In fact, much of the electricity from "renewable energy" purchased by federal agencies comes from wind turbines. Like mandated state "green energy" programs, this federal requirement in effect requires that federal agencies pay premium prices for part of the electricity they use, thus creating a special, high priced market that is available to "wind farms." The higher-than-market premiums that must be paid for electricity from wind are another subsidy for the wind industry. The higher prices are paid from agency appropriations which are financed through tax dollars.

12. Public lands managed by the US Bureau of Land Management and US Forest Service. Both agencies have policies and regulations dealing with the construction of "wind farms" and related transmission facilities on public lands that they manage. More than 300 MW of wind turbine capacity is now located on BLM-managed lands. Typically, rents charged by BLM and USFS are lower than those charged for comparable private lands.
13. Tax breaks and subsidies for "wind farm" equipment manufacturers. One 2009 economic "stimulus" measure established a new $2.3 billion investment tax credit "to encourage the development of a U.S.-based renewable energy manufacturing sector. In any taxable year, the investment tax credit is equal to 30% of the qualified investment required for an advanced energy project that establishes, re-equips or expands a manufacturing facility that produces …" something considered by the US Treasury and Energy Departments as an energy efficiency, conservation, or renewable energy technology, including wind energy. The application process conducted during the fall of 2009 resulted in the selection of dozens of projects that apparently exhausted the $2.3 billion authorization. Projects selected for this new tax break included 33 projects involving wind turbines, bearings, towers, and blades totaling more than $250,000,000. Treasury and DOE have announced that no more applications are being accepted for this program. However, President's FY 2011 budget requests an additional $5 billion for the program.

B. **State tax breaks and subsidies for "wind farm" owners.** Many state governments have adopted generous tax breaks and subsidies that benefit "wind farm" developers and owners – adding more to the costs that are shifted from developers and owners to ordinary taxpayers and electric customers and "hidden" in their tax bills and monthly electric bills. The specific tax breaks and subsidies vary widely among states. Information for each state can be found at a taxpayer financed web site, Database of State Incentives for Renewables & Efficiency, www.dsireusa.org. Among the scores of "incentives" for industrial scale "wind farms" provided by at least one and often more states are:
   1. State production tax credits (e.g., Iowa)
   2. Exemptions from all or part of property taxes (e.g., Iowa, West Virginia, New York)
   3. Artificially low assessments on wind turbines (e.g., Illinois)
   4. Exemptions from sales tax on "wind farm" equipment and materials (e.g., Minnesota)
   5. Low-cost loans (e.g., industrial development bonds)

6. Renewable Portfolio Standards (RPS) that typically prescribed some percentage of a distribution utility's sales must consist of electricity produced from wind or some other "renewable" energy source (about 20 states).
7. Purchases of, or markets for, "green energy" certificates earned by producers of electricity from wind (e.g., Massachusetts).
8. "Green energy" programs by electric distribution companies that offer electricity produced from wind at a premium price – either required or encouraged by state PUC or legislature (many states).
9. Payments for "green energy attributes" using revenue collected via a "systems benefit charge" (effectively, a tax) added to electric bills (e.g., New York).
10. Higher allowed earnings for electric utility investments in renewable energy facilities (e.g., Virginia)

At least four of the above state requirements (6, 7, 8 and 9) have the effect of creating a special market where owners of "wind farms" and other renewable energy facilities can sell their electricity at above market prices. Of course, the electricity actually used by customers paying extra for "green" electricity is highly unlikely to be produced by a "renewable" energy facility. The owners can receive the higher, above market prices for the electricity they produce even if their facilities are not producing at the time the electricity is being used. Utilities' "green energy" programs are seldom self supporting. That is, the amounts collected in premiums from customers who agree to pay extra are not adequate to cover (i) the higher costs of the "green energy" and (ii) the utility's cost of administering the "green" program. Costs not recovered from premium payments are merely passed along to all of the utility's customers.

C. **Local government and economic development agency tax breaks and subsidies.** Some local government and economic development officials believe that construction of "wind farms" in their areas will provide new jobs and other economic benefits. Actual benefits tend to be much less than assumed by "wind farm" developers and local officials. Further, the cost of any such benefits is, in one way or another, shifted to ordinary taxpayers and/or electric customers. There is no readily available, comprehensive source of information on locally provided tax breaks and subsidies. However, examples include:

1. Low-cost loans or bond financing. County or regional "economic development authorities" may have authority to offer low cost or interest free loans or bond financing which significantly reduce a "wind farm" owner's capital cost.
2. Acceptance of payments in lieu of taxes, or PILOTs. For example, local government and school board officials in some towns in New York accept PILOTs from "wind farm" owners and give up their statutory authority to override a state-authorized exemption from property taxes. PILOTs are attractive to local officials because they tend to be "front-end loaded"; that is, they provide significant early benefits that can be presented to local voters as an opportunity for near term reductions in home-owners' property taxes, new fire trucks or other equipment, restoration of historic buildings, or other measures that can't be accommodated in local budgets without raising taxes. For local politicians and

> citizens, these may appear to be generous gifts! PILOTs are attractive to "wind farm" owners because their cost over the assumed life of the "wind farm" are much less than paying property taxes and the "front-end" benefits are often helpful in gaining support for projects from current town officials and, perhaps, citizens who do not take into account the lower long term benefits or impacts.

http://www.wind-watch.org/documents/true-cost-of-electricity-from-wind-is-always-underestimated-and-its-value-is-always-overestimated/

Lucrative tax breaks for "wind energy" permit BP and Shell to avoid paying hundreds of millions in federal and state taxes.

BP and Shell are able to take advantage of at least five very generous federal and state tax breaks and subsidies for wind energy and be able to use those tax breaks to avoid paying federal and state corporate income tax on hundreds of millions in profit, including profit from their oil. Detailed information on the two companies' financial situation would be needed to make precise estimates of the amount of income that each company will be able to shelter from federal and state corporate income taxes. However, rough estimates of taxes that the companies would be able to avoid can be made by making a few conservative assumptions. To simplify the calculations, the numbers below ignore BP and Shell's existing projects and instead merely assume that (a) each company will in 2009 bring into operation "wind farms" with a capacity of 1,000 MW, (b) that the capital cost of the projects will be $2,000 per kilowatt (kW) of capacity, (c) that they will operate with an annual capacity factor [vi] of 30%, and (d) that Congress will accede to wind industry lobbyists and extend the existing renewable energy "Production Tax Credit" beyond its current December 31, 2008, expiration date (at an estimated cost of several billion dollars). If either company builds twice as much wind capacity (i.e., 2,000 MW), the tax breaks and subsidies would be twice those estimated below.

1. Federal Production Tax Credit for electricity from wind (PTC). First, BP and Shell would each receive the federal wind PTC, currently $0.02 per kilowatt-hour (kWh) for electricity produced during the 1st 10 years of operation. Congress is expected to extend this tax shelter beyond its current December 31, 2008, expiration date. By itself, this tax credit would reduce each company's federal income tax liability over 10 years by $526,100,000, [vii] effectively shifting that amount of tax burden to taxpayers who don't enjoy such tax shelters.

2. Accelerated Depreciation. Second, each oil company's (i.e., BP and Shell) $2 billion [viii] in "wind farm" capital investments would qualify for the exceedingly generous 5-year, double declining balance accelerated depreciation for federal income tax purposes. [ix] Assuming that $2 billion is the full cost of each company's "wind farms" in 2009, the following amounts could be deducted from each company's otherwise taxable income and further reduce each company's federal income tax liability; specifically:

	Deduction from taxable income		Further reduction in federal income
Tax Year	% of Capital investment	Amount	tax liability (in addition to PTC)

1st	20%	$400,000,000	$140,000,000
2nd	32%	$640,000,000	$224,000,000
3rd	19.2%	$384,000,000	$134,400,000
4th	11.52%	$230,400,000	$ 80,640,000
5th	11.52%	$230,400,000	$ 80,640,000
6th	5.76%	$115,200,000	$ 40,320,000
Totals	100%	$2,000,000,00)	$700,000,000

Note that these deductions from otherwise taxable income and from federal income tax liability could be taken regardless of whether the "wind farm" investment is financed with debt or equity. [x] So, if each company were to put up only $1 billion of equity and finance the other $1 billion with borrowing (to hold down the cost of their capital investment), the deductions from income and reduced tax liability would still be based on the full $2 billion shown in the table above. Note also that, in addition to the further reduction in tax liability, this generous accelerated depreciation deduction for federal income tax purposes has two other huge benefits; specifically:

a. Prompt recovery of each company's equity investment. The example above, conservatively assumes that the entire "wind farm" capital investment would be equity, rather than debt. If the equity investment was only half the capital cost and the remainder borrowed, (i.e., $1 billion), the table above shows that BP and Shell would each recover through depreciation deductions all of its equity investment in less than 2 years and in just over 1 year if the project(s) begin operation late in the first tax year. With no remaining equity investment, each company's return on equity would be infinite.

b. A large interest free loan. The depreciation deduction continues even though all equity has been recovered. Thus, each company would, in effect, be receiving an interest free loan, courtesy of US taxpayers for an amount equal to the debt financing. In the unlike case that either company was unable to use all the tax deductions in 2009, part of the allowable deduction could be deferred or, alternatively, schemes are available to "sell" tax credits to other firms that have tax liabilities that they wish to avoid.

3. Avoiding State Corporate Taxes. Tax breaks for "wind farms" are not limited to those provided by the federal government. Most states also allow a corporation to take advantage of 5-year double declining balance accelerated depreciation deductions from otherwise taxable corporate income. Therefore, each company could be able to take deductions like those shown above when calculating their state corporate tax liability. Assuming a 6.5% state corporate tax rate, each company's $2 billion "wind farm" capital investment would permit the following deductions from state level taxable income and reductions in each oil company's tax liability:

Tax Year	**Deduction from taxable income** **% of Capital investment**	**Amount**	**Reduction in State Corporate tax liability (assuming 6.5% rate)**
1st	20%	$400,000,000	$ 26,000,000
2nd	32%	$640,000,000	$ 41,600,000

3rd	19.2%	$384,000,000	$ 24,960,000
4th	11.52%	$230,400,000	$ 14,976,000
5th	11.52%	$230,400,000	$ 14,976,000
6th	5.76%	$115,200,000	$ 7,488,000
Totals	100%	$2,000,000,00	$130,000,000

4. State Production Tax Credits or Subsidies for "Wind Farm" Owners. Several states have adopted their own "production tax credits," and other states provide a direct subsidy. If BP or Shell were to build their "wind farms" in states with such subsidies they would enjoy still another tax break or income stream. State programs vary widely. If the tax break or subsidy were worth $15 per megawatt-hour (MWh) of electricity produced — which is equal to $0.015 cents per kWh, the tax break or subsidy would be $39,420,000 per year and $394,420,000 over 10 years. [xi]

5. State Renewable Portfolio Standard (RPS). In addition to the above tax breaks and subsidies, several states have virtually assured big profits for "wind farm" owners by requiring that a growing percentage of the electricity sold in their state must come from "renewable" energy, which, in most states is now expected to be mostly from wind. By dictating that a large portion of electricity must be produced from "renewable" energy, owners of facilities that produce electricity from wind and other "renewables" are likely to be able to demand higher prices for their electricity than would be paid under normal market conditions. The higher costs of electricity from renewables that electric distribution companies are forced to pay are passed along to electric customers in their monthly bills.

6. Other Tax Breaks and Subsidies. "Wind Farms" enjoy a variety of other federal and state financial, market and regulatory subsidies. For example, in some states, "wind farms" are eligible for exemption from all or a part of their property taxes or sales taxes on wind farm equipment. In some regions "wind farm" owners receive a variety of regulatory subsidies; e.g., being awarded an artificially high "capacity credit" by an Independent System Operator (ISO), or being excused from penalties for not delivering electricity to an electric grid at the time called for in contracts. In some states (e.g., Texas), state utility commissions are counting on the construction of transmission lines to serve "wind farms" that will cost billions of dollars, with the costs passed along to electric customers in their monthly bills.

Conclusions

Ordinary taxpayers are justifiably repulsed by having to bear the tax burden escaped by corporations that can take advantage of the extremely generous tax breaks and subsidies provided to them by the Congress and state legislatures. However, it is certainly not illegal for corporations to take advantage of those breaks. The blame for bad government policies — including the huge tax breaks and subsidies described in this paper — rests primarily with our elected representatives who seem unable to understand the full implications of the measures they adopt and/or unable to resist demands from lobbyists. The huge tax breaks and subsidies for wind energy are especially repulsive to many citizens, electric customers and taxpayers because it has become increasingly clear during the past 3 years that the wind industry and other wind advocates have, for more than a decade, greatly overstated environmental, energy and economic benefits of wind energy and greatly understated or ignored its adverse environmental, ecological, economic, scenic, and property value impacts. In fact, the huge machines (many 400 ft or 40 stories) produce very little electricity. That electricity is intermittent, volatile, and unreliable. Further, because their output is dependent on wind speed, wind turbines cannot be counted on to be available at the time of peak electricity demand. This means that areas experiencing increases in peak demand or needing to replace older generators will have to add reliable ("dispatchable") generating capacity whether or not "wind farms" are built. Electric customers could be paying twice: once for wind turbines and again for reliable generating units.

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http://www.wind-watch.org/documents/two-oil-companies-use-wind-farm-tax-breaks-to-shelter-profits-from-income-tax/

GLENN R. SCHLEEDE

June 1952-June 1956 U.S. Air Force

1956-1960 B.A. Gustavus Adolphus College, St. Peter, Minnesota

1961 University of Minnesota, Summer School

June 1968 M.A. Industrial Relations, University of Minnesota

1962-1965 Industrial Relations Officer, U.S. Atomic Energy Commission

September 1965-March 1972 Bureau of the Budget [BOB], Science and Technology, Natural Resources Environmental Branch [On July 1, 1970, BOB became Office of Management and Budget]

September 1965-January 1966 Detail, White House Task Force on Manpower for State and Local Governments

March 1972-March 1973 U.S. Atomic Energy Commission, Division of Environmental Affairs

March 1973-May 1974 Appointed to Domestic Council, assistant to Michael Raoul-Duval, associate director for natural resources

May 1974-January 1977 Assistant Director, Domestic Council

1981 Member of Reagan administration transition team, Associate Director of Office of Management and Budget

http://nixon.archives.gov/forresearchers/find/textual/central/smof/schleede.php

ABLE
Manufacturing & Assembly

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Date: May 8, 2012

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Hearing Title: Hearing on Certain Expiring Tax Provisions

Dear Ways and Means Committee:

Able Manufacturing, based in Joplin, MO, is a company that produces composite parts for wind turbine nacelles and blades. Able has doubled its wind energy sales every year since 2008, the year it entered into the wind business. Current orders for wind energy products at Able extend out only to September of this year, after that point there is uncertainty without a near-term extension of the PTC. If new orders do not materialize, Able is looking at the very real prospect of laying off many of its newly hired wind-related employees.

Thank you for your consideration.

Sincerely,

Jim Schwarz
President/CEO
Able Manufacturing & Assembly, LLC

Statement of Accelerated Wind Holdings

Terry Komer
Accelerated Wind Holdings, LLC
10449 NW 195th Ave
Hillsboro, OR 97124

April 24, 2012

Mr. Dave Camp
Chairman: House Committee on Ways and Means
Washington D.C.

Hearing on Certain Expiring Tax Provisions

Dear Mr. Camp,

As a Director of Accelerated Wind Holdings (AWH), a new wind project developer/manufacturer based in Delaware we urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible. We are young company working hard to bring to production a new technology that we believe will continue the march of ever cheaper electrical production from wind.

We are working closely with a wind farm that will use our technology on their farm and the PTC is very much a factor in their decision making process. If the PTC is not renewed quickly both of our firms will have to look overseas. We have had many discussions globally with wind farm developers and in regards to turbine manufacturing itself. It is our preference to develop in America. Without the PTC it would be difficult to continue with that goal and create more jobs here.

We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Sincerely,

T. Komer

Terry Komer
Director, AWH

Statement for the Hearing Record
United States House of Representatives

Committee on Ways and Means
Subcommittee on Select Revenues

Certain Expiring Tax Provisions
Hearing Date: April 26, 2012

The Active Financing Working Group
900 7th Street, NW, Suite 750
Washington, D.C. 20001

Statement of the Active Financing Working Group

The Active Financing Working Group applauds the Committee on Ways and Means and the Select Revenues Subcommittee for holding its hearing on the critically important topic of expired and expiring tax provisions.

It is essential that the active financing rules be reinstated retrospectively, to the beginning of 2012, and extended forward.

The active financing rules, which have broad bipartisan support, are necessary to maintain the competitiveness of the U.S.-based financial services industry and of manufacturing companies that rely on financial services arms to provide financing for large-ticket manufactured products.

With the active financing rules, the global active business income of U.S. financial services firms is given the same treatment as is provided for the active business income of other, non-financial U.S. companies doing business outside the U.S. The active financing rules are not a special incentive. Rather, they simply apply the general rules of deferral to the financial services sector of our economy.

Select Revenues Chairman Tiberi noted in his opening statement that deferral for active financing income is "among the most important recently expired provisions that must be extended." Select Revenue Ranking Member Neal agreed noting that it is "essential that the active financing rules . . . be extended.

The Active Financing Working Group also notes the testimony of Dr. Roseanne Altshuler, Professor and Chair, Department of Economics, Rutgers University, before the Senate Finance Committee in January. She correctly identified the active financing rules as one of the "fundamental policies of our current tax system" and called for the rules to be made permanent. In her words, "It does not make sense for provisions that are more properly considered structural features of our tax system, like the active finance exception, to be temporary in nature."

The active financing rules provide that U.S. financial services companies will be taxed by the U.S. on active business income earned by their foreign subsidiaries only when the income is repatriated to the United States. As a result, that income is taxed on a current basis at the same local country rate (*e.g.*, the UK rate is 24%) paid by non-U.S. competitors serving *customers* in that country. Absent this rule, U.S. subsidiaries serving customers in foreign markets would be subject to immediate tax at the 35% U.S. rate, which would place them at a decisive competitive disadvantage.

The active financing rules have already expired. U.S. businesses urgently need the rules to be reauthorized. The rules are critical to the ability of U.S. financial services firms to win foreign business, compete in foreign jurisdictions to serve local customers, and to be global market leaders. If U.S. firms are disadvantaged in global markets, foreign firms will become dominant. It is in the interest of the United States to have U.S.-owned companies among global financial services industry leaders.

The active financing rules do <u>not</u> come at the expense of U.S. jobs. The provision of financial services is inherently a local business. To make loans, sell insurance, provide credit, or lease machinery, the business has to be where the customers are located. U.S. financial services companies cannot serve foreign markets without having an active foreign presence.

To the contrary, the active financial services rule supports U.S. jobs. Tens of thousands of jobs at U.S. headquarters and in U.S. service centers are directly attributable to supporting the business of serving global customers outside the United States. Further, U.S. manufacturers rely on the active financial services rule to promote their export of products made by American workers; the rule allows them to offer competitive financing through their foreign affiliates.

In sum, the Active Financing Working Group urges Congress to extend the active financing rules immediately. Their continuation is critical to the competitiveness of American financial services firms and the tens of thousands of U.S. jobs that are dependent on that competitiveness.

Active Financing Working Group – Contact Information

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RE: Hearing on Certain Expiring Tax Provisions

I Nils Behn, CEO of Aegis Wind located in Waitsfield VT, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

My company is a community scale wind turbine installer. We take projects from concept through permitting, procurement, installation and commissioning and provide long term service and maintenance for projects ranging from 50kW – 6MW. Wind Power is all we do. I can tell you unequivocally that the extension of the Production Tax Credit is imperative to my business and my employees as well as tens of thousands of other US workers in the wind industry. Nuclear and Fossil fuels have enjoyed long term and stable subsidies which have allowed them to thrive, yet clean energy such as wind has had to deal with on again off again incentives that make it extremely difficult for us to build and grow our businesses. Extending the PTC is smart business for the growth of the US economy and it is the right thing to do for our nation's security and our environment.

Please extend the PTC immediately!

With Respect,

Nils Behn
CEO
Aegis Wind LLC

Statement of AG Resources LLC

Robert L. Hodgetts
President
AG Resources LLC
305 Branch St
Carnegie, PA 15106
May 10, 2012

Chairman Tiberi
Subcommittee on Select Revenue Measures

Dear Chairman Tiberi;

I write today to commend you and your committee on recent efforts to conduct a meaningful review of the entire "tax extenders" package. For too many years the temporary nature of these "extenders" has created uncertainty within the business community. This uncertainty has had a particularly negative impact on the developing renewable domestic energy sector.

AG Resources is a small company in the business of developing and delivering alternative liquid fuel mixtures derived from biomass. We started in 2009 with the plan to make competitively priced clean burning alternatives to fossil fuels widely available. In 2009 we were able to turn the benefits of the tax incentives for alternative fuels and alternative fuel mixtures into jobs dedicated to the continued development of clean burning renewable fuels. In 2010 these incentives were allowed to lapse and we were forced to reduce our efforts. In 2011 we worked towards scaling up production only to have the incentives expire in 2012 and again we have been forced to slow our efforts.

Fuels derived from biomass can compete as a domestically produced environmentally friendly alternative to fossil fuels. However today we are a fledgling industry struggling to reach production levels that would allow competition with other historically incentivized fuels. The *alternative fuel mixture credit* for biomass based fuels is of critical importance to our emerging industry. As this industry grows it will allow for increased employment, a cleaner environment and national energy security as we reduce our reliance on foreign fuels.

Today the extension of the tax incentives for alternative fuels from biomass and the *biodiesel blender's credit* are critical. However, it is important that a *phase out* plan for these incentives be developed. Tax incentives for ethanol production have been in place since 1974 and today it is widely accepted, even by some within the ethanol industry, that the incentives are no longer needed. I would expect that other domestically produced renewable fuels would follow the same economic glide path. No industry should expect to survive solely based on government incentives. Our goal is to reach sustainable production levels of efficient scale as to allow competition within the free market. We recognize that restructuring of the current tax code is overdue and until a reasonable phase out plan for renewable energy tax incentives can be developed as part of that tax code I ask that the *alternative fuel mixture credit* and *the biodiesel tax credit* be extended immediately until the end of 2013.

Robert L. Hodgetts
President
AG Resources LLC

Statement for the Record
Submitted Jointly by

Air Conditioning Contractors of America (ACCA)
Heating, Air-conditioning & Refrigeration Distributors International (HARDI)
Plumbing-Heating-Cooling Contractors Association (PHCC)

Submitted for the hearing of the

House Ways and Means
Subcommittee on Select Revenue Measures

for the

Hearing on Certain Expiring Tax Provisions

April 26, 2012

The Air Conditioning Contractors of America (ACCA), the Heating, Air-conditioning & Refrigeration Distributors International (HARDI), and the Plumbing-Heating-Cooling Contractors Association appreciates the opportunity to submit this joint written statement for the hearing on certain expiring tax provisions.

Our three organizations represent the distributors and installers of residential heating, ventilation, and air conditioning (HVAC) and hot water equipment, two segments of an industry supply chain that employs more than one and a half million workers who help homeowners enjoy the comforts and cost savings of higher efficiency appliances.

We hope this submission for the hearing record on potential federal energy tax incentives will assist the committee as it considers legislation that impacts small business owners and homeowners in these trying economic times.

Nonbusiness Energy Property Credit (Section 25)
Since 2006, Section 25C of the tax code has allowed eligible taxpayers to claim tax credits for qualified improvements designed to make their primary residence more energy efficient. The tax credits help defray the initial investments costs and shorten the payback period of qualified furnaces, central air conditioners and heat pumps, hot water heaters, and other energy savings appliances or building improvements.

The 25C tax credit was originally authorized in the Energy Policy Act of 2005 for tax years 2006 and 2007. At that time, lifetime claims were limited to 10% of the installation costs of the improvement, up to $500, with specified caps placed on individual appliances or retrofit measures.

The American Recovery and Reinvestment Act of 2009 (ARRA) renewed the tax credits for 2009 and 2010, with several important modifications, most significantly boosting the value of the tax credits to equal 30% of the installed costs, up to a $1,500 limit. Other changes eliminated the lifetime cap on cumulative claims, making a homeowner eligible for claims each time the credit was renewed; and removal of the caps on individual appliances or retrofit measures.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 enacted in December of 2010 extended the 25C tax credits for 2011 but at a significantly lower value for homeowners. The tax credit value was reduced back to 10% of the installed costs; the $500 lifetime credit limit was reinstated; as were the caps on individual appliance or retrofit measures.

When comparing the tax credits for residential HVAC and hot water appliances available in 2009/2010 and 2011, the maximum amount an eligible taxpayer could claim for a qualifying furnace or boiler was reduced from $1,500 to $150. The maximum amount an eligible taxpayer could claim for a qualified central air conditioner, heat pump, or hot water heater was reduced from $1,500 to $300. In addition to these drastic reductions the taxpayer was limited to $500 in cumulative credits over his/her lifetime for qualified energy efficient upgrades.

Success of the 25C Tax Credits
Surveys of ACCA contractor members conducted in 2009 and 2010 found the 25C tax credits to be an effective financial incentive that encouraged homeowners to reach for and obtain higher efficiency HVAC equipment while stimulating economic activity.

A key finding of the surveys demonstrate that the 25C tax credit helped taxpayers afford higher efficiency appliances that are the primary user of energy while helping the HVAC industry maintain a steady demand for its products and services, despite the severe economic downturn.

According to the surveys, 46% of ACCA's contractor members saw a "significant" increase in the sale of qualifying HVAC equipment after the passage of the stimulus bill. Another 32% saw a small increase in the sales of qualifying HVAC equipment. When taken in tandem, more than 75% of ACCA's contractor members saw an increase in the sale of qualifying higher efficiency furnaces, central air conditioners, heat pumps, and hot water heaters in the two year period when the tax credits were worth up to $1,500.

And even though 25C tax credits are aimed at individual taxpayers, these valuable incentives helped the small businesses of the HVACR industry.

Those surveyed provided a number of positive comments from members, including:

> "Without the stimulus bill for 95% efficient furnaces we would have had an extremely bad time of it last year (2009). The stimulus helped us to stay in business and helped a lot of consumers as well.
>
> "My business has grown and prospered through our down economy and my customers are more than ever more comfortable and saving more money month to month for the more precious things in life such as their children's welfare."
>
> "It is crucial that these tax credits stay in effect as proposed and not cancelled prematurely."
>
> "Thank goodness for the tax credits or our business would have seen a much larger drop off as people's spending habits changed whether out of concern for their jobs or due to the inability to obtain financing."
>
> "Last fall was my busiest season in the 30 years I have been in business. All of my equipment sold was top of the line high efficiency."
>
> "The tax incentive helped us not only survive a down year, but turn it into a reasonably profitable one."
>
> "Without the $1500 tax credit, we would have had massive temporary and some permanent layoffs. Instead, we have been able to keep steady work during a traditionally slow time."

Indeed, the higher value tax credits are helping homeowners elect to replace equipment that may be in need of repair, reversing a three year trend in the industry.

IRS Data

According to IRS statistics, fully 93% of tax credit claims under sections 25C and 25D (for solar, geothermal, wind, and photovoltaic properties) were made by taxpayers with an adjusted gross income of no more than $200,000, which is indicative of a middle class tax program.

Examining the 2009 Estimated Data Line Counts for Individual Tax Returns gives a clear picture of how homeowners used $1,500 residential energy tax credits in 2009.

Taxpayers use Form 5695 worksheet to claim one of several available residential energy credits. The taxpayer first calculates to total cost of qualified expenditures, reduces that amount by 30%, and compares that value with $1,500. The taxpayer is eligible for tax credits equal to the lesser amount.

Data from the Form 5695 in 2009 tells us how many taxpayers claimed the residential energy tax credits; how many claimed a credit for the purchase of a qualified central air conditioner, heat pump, or hot water heater; a qualified furnace or hot water boiler, or an advanced main air circulating fan; and the total expenditures on these improvements.

In 2009, 6,753,885 households filed Form 5695 to claim a credit against their tax liability for installing some type of energy efficient appliance or retrofit measure in their primary home.

Of that total amount, 976,380 households made claims for purchasing and installing "energy efficient building property," otherwise known as qualified **central air conditioner, heat pump, and hot water heater** totaling $3,968,715,000 in expenditures.

In 2009, 1,290,640 taxpayers claimed tax credits for "**qualified natural gas, propane, or oil furnace or hot water boilers**" and reported total expenditures of $4,310,456,000.

And 221,274 taxpayers claimed some credit for an **advanced main air circulating fan**, an energy efficient component on a furnace, with an aggregate expenditure amount of $694,422,000.

For all retrofit measures and appliances that qualified for the tax credit, including energy efficient windows and door, insulation, and roofing materials, American taxpayers claimed $5.17 billion in tax credits on $25.1 billion worth of work. This significant amount only represents the amount filed with the IRS in claiming a tax credit. What's missing is the work performed for a taxpayer who chose not to use the tax credit.

The National Association of Home Builders estimates every $100,000 in remodeling expenditures generates 1.11 full-time jobs.

25C Should Be Extended And Expanded

The section 25C tax credits expired at the end of 2011and our three organizations recommend that Congress extend the credits and boost their value to at least 10% of the installed costs, up to a limit of $1,000 for 2012. This will allow taxpayers to continue to make energy efficient retrofits to their homes and support work in the retrofit market.

The extension should remove the caps on individual retrofit measures and allow for the costs of labor to be included in the calculation of all qualified improvements. Furthermore, the credit-eligible water heater levels should be divided into storage and tankless, to better reflect the advantages of both technologies and allow for more consumer choice.

As a result of changes made by ARRA, heating, ventilation, and air conditioning (HVAC) contractors saw an increase in the number of qualifying systems sold and installed in the United States. The 25C tax credit succeeded in helping millions of Americans afford upgraded and higher efficiency HVAC equipment, resulting in lower utility bills and more spending money. It had the additional benefit of accelerating the retirement of systems using refrigerants with a higher global warming potential while providing a boost to the economy through the creation of jobs for HVAC equipment manufacturers, distributors, and installers.

Impact of Short Term Extensions on Small Businesses

Since 2005 when Section 25C was first authorized for the tax years 2006 and 2007 as part of the Energy Policy Act of 2005, Congress has extended or modified the tax credit three times.

While the HVAC and plumbing industry appreciates the extension of the 25C tax credit, the timing and method of the extension make planning difficult for manufacturers, distributors, contractors, and consumers.

The original 25C tax credit expired on December 31, 2007, and was not reauthorized for the 2008 tax year. On October 3, 2008, President Bush signed into law a 25C extension for tax year 2009 as part of the Emergency Economic Stabilization Act of 2008. With the extension finalized in early October, the HVAC and plumbing industries had plenty of time to plan for the production, purchasing, stocking, and marketing of eligible equipment to coincide with the reinstatement of the tax credits.

Just six weeks into 2009, the tax credit was modified and expanded midstream by the American Recovery and Reinvestment Act of 2009. Changes to the qualifying criteria for some products made it more difficult for homeowners to take advantage of the tax credit for certain upgrades, but HVAC manufacturers, distributors and contractors pivoted to meet the demand of the new tax credit levels.

In 2010, after months of debate, an extension was signed into law on December 17, 2010, less than two weeks before the tax credit was set to expire. With no advanced notice, the 25C tax credit value was reduced to the 2006-2007 levels, greatly reducing its attractiveness to the consumer.

The HVAC supply chain budgets for purchasing and marketing months in advance. It is nearly impossible for a small business' ability to plan and compete when Congress passes short term extensions of provisions in the tax code so close to their expiration date. The uncertainty over the future of the 25C tax credits make it very difficult for small businesses to prepare for and successfully market these valuable incentives to consumers.

Inspector General's Report
Our organizations are aware of the April 19, 2011, Department of Treasury's Inspector Generals Report that finds fault with IRS's ability to verify eligibility for the 25C and 25D tax credits.

The IRS could not verify whether individuals claiming Residential Energy Credits are entitled to them at the time their tax returns are processed. It is true that the IRS does not require individuals to submit any third-party documentation supporting the purchase of qualifying home improvement products and/or costs associated with making energy efficiency improvements or whether these qualified purchases and/or improvements were made to their principal residences. However, a taxpayer is required to retain a manufacturer's certificate verifying a products qualifying efficiency rating. In case of an IRS audit, the homeowner should be able to present such documentation.

While the report did note a number of deficiencies with the IRS process for establishing verification of eligibility for the credit, not being able to establish eligibility does not mean they were all illegitimate or ineligible claims. In addition, the IRS notes that it can improve its processes to add additional safeguards and improve its ability to verify eligibility. Our organizations stand ready to assist the government in making sure that the credit is only going to those who truly deserve the benefit.

There are a variety of methods that should be explored to provide an identifying number or code that could be included on tax returns to help the IRS establish the eligibility of a product for the tax credit which could be implemented for use with electronic filing. We remain willing to continue to work with Congress and the IRS to improve the system of product verification and taxpayer eligibility.

Section 179
Section 179D, the Commercial Building Tax Deduction, allows a $1.80 per square foot tax deduction for building owners who make qualified improvements in overall performance. Unfortunately, the incentive falls short and is not meeting expectations. Although the deduction has been successfully used to build and retrofit some larger energy efficient buildings, the economic crisis has reduced the amount of building design, construction and renovations across the country. In addition, the deduction is based on energy consumption reductions compared to model building code ASHRAE 90.1 2004.

which some older builders do not meet without major and expensive retrofits. Furthermore, the expensive nature of many HVAC and water heating upgrades require major initial outlays of capital, another difficult hurdle in today's difficult economy.

Our organizations support the passage of legislation to increase the maximum allowable deduction from $1.80 per square foot to $3.00 per square foot ($1.00 in the case of individual subsystems) to create jobs. Furthermore, allowing deductions or tax credits for specific HVAC and water heating components such as chillers, boilers, or roof top units, combined with and an allowable square footage deduction of $3.00, Congress could immediately stimulate building design, construction, and renovation across the country, spurring job creation in every state and region, while enhancing our energy independence and improving our nation's infrastructure for the 21st century.

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Statement of Alex Potier

Alex Potier
Gamesa Wind
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Tuesday 24 April 2012

The Ways and Means Committee

RE: Hearing on Certain Expiring Tax Provisions

I, Alex Potier, Account Manager in New York, NY, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible. This is an important measure to not only support jobs in an important industry, but also to reduce our country's dependence on foreign oil and production of carbon emissions.

Manufacturing has been a sector in decline for many years in the USA. However, the wind power industry has helped create many jobs and re-invigorate many linked industries. Many foreign wind turbine companies have committed millions of dollars to setting up local manufacturing facilities in our county, and US-based production is also important for exports through trade organizations like the US Export-Import Bank which provide support mechanisms for locally manufactured products like wind turbines.

It's important to continue building upon the positive momentum of such a promising industry and sustain the jobs in wind power. I urge the committee to take up an extension of the wind energy production tax credit right away.

Thanks for your attention and action.

Alex Potier.

Statement of Alexander Bester

It would be fair to give the wind energy industry the same level of support as the fossil fuel industry receives in the form of subsidies and tax breaks. Thanks

Statement of Alka Kapur

Subject: Wind Energy Production Tax Credit

Title of Hearing: Hearing on Certain Expiring Tax Provisions

I respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources helps us maintain a cleaner environment which is important not only for us, but for unborn future generations as well. We also develop alternative sources of energy, which will benefit the country in years to come. This tax credit provides an incentive for the wind industry to continue to do just that.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. It helps to revitalize our communities, bringing in construction and maintenance jobs, and generates revenue for our community schools and hospitals over the lifetime of the project.

I urge the committee to take up an extension of the wind energy production tax credit right away, and not wait until the last minute to make an extension.

Alka Kapur
Ark Capital Investments, LLC
778 Edison Way
Carmel, In 46032

Tel: 317-574-9598

Statement of Alliance to Save Energy and 39 Other Groups and Organizations

May 10, 2012

The Honorable Dave Camp
Chair
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Sander M. Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Pat Tiberi
Chair
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Richard E. Neal
Ranking Member
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Camp and Tiberi and Ranking Members Levin and Neal:

As you begin your review of tax extenders, we urge you to support extension of the New Energy Efficient Home Credit (Internal Revenue Code Sec. 45L). At a modest cost to the American tax payer, this incentive promotes the construction of highly-efficient new homes that create jobs in America's housing industry while saving homeowners money on their energy bills. We collectively represent businesses, non-profit organizations, states, and energy efficiency and environmental organizations that support this critical tax incentive.

Congress enacted the New Efficient Home Credit in 2005 with strong bipartisan support, but it expired at the end of 2011. Over the years, the New Efficient Home Credit has proven to be incredibly impactful at a modest cost. The incentive provided a $2,000 credit for builders of homes that use 50 percent less energy for space heating and cooling, relative to the International Energy Conservation Code's (IECC) 2004 supplement. It also provided a tax credit of $1,000 to manufacturers of ENERGY STAR-qualified manufactured homes. The incentive was therefore based on a new home's energy efficiency performance.

This performance-based tax credit has been successful in transforming the new homes market. As shown in the table below, the total number of new homes eligible for the credit grew four-fold between 2006 and 2009, despite the fact that total new home construction decreased and the credit's high efficiency requirements. Before Congress enacted the incentive, less than 600 homes had come even close to meeting this level. Additionally, energy-efficient homes gained a greater market share, as the number of homes eligible for the tax credit rose to 11 percent of new homes sold in 2011.

This tax credit has effectively lowered energy costs for American homeowners putting more money into local economies and making homeownership more affordable. It is critical that Congress extend the New Efficient Home Credit to increase the market share of new homes meeting the efficiency criteria of the incentive as the new home construction market rebounds from the recession.

Year	Number of Homes Verified as Eligible for Tax Credit	Percent of New Homes Sold Verified for Tax Credit
2006	7,110	.7%
2007	23,000	3%
2008	22,000	5%
2009	37,000	10%
2010	21,000	7%
2011	32,000	11%

Source: Residential Energy Services Network (2012)
Note: The number of homes dropped off in 2010 because the tax credit was not in effect when the builders were making decisions on energy efficiency; the incentive was only extended retroactively.

The New Efficient Home Credit has been highly effective in bringing innovative, high-efficiency homes into the marketplace. These homes save valuable energy and lower pollution at the same time. Homeowners then have more money to invest in their communities, creating local jobs and improving local economies. For these reasons, we urge you to extend the New Energy Efficient Home Credit.

Sincerely,

American Council for an Energy-Efficient Economy (ACEEE)
Alliance to Save Energy (ASE)
Air Conditioning Contractors of America
Bayer MaterialScience LLC
Blow-In-Blanket Contractors Association (BIBCA)
CertainTeed
Conservation Services Group
Council of North American Insulation Manufacturers Association
Efficiency First
Energy Future Coalition
Enterprise Community Partners
Environment America
Environmental and Energy Study Institute (EESI)
EPS Industry Alliance
Fresh Energy
Icynene Inc.
Institute for Market Transformation
Insulation Contractors Association of America (ICAA)
Knauf Insulation
Leading Builders of America
Manufactured Housing Institute
Masco Corporation
National Association for State Community Services Programs (NASCSP)
National Association of Energy Service Companies (NAESCO)
National Association of Home Builders (NAHB)
National Association of State Energy Officials (NASEO)
National Electrical Manufacturers Association (NEMA)
National Lumber and Building Material Dealers Association
Natural Resources Defense Council (NRDC)
Owens Corning
Residential Energy Services Network (RESNET)
Sierra Club

Southern Alliance for Clean Energy
Spray Polyurethane Foam Alliance (SPFA)
The Dow Chemical Company
The Polyisocyanurate Insulation Manufacturers Association (PIMA)
Thermafiber, Inc.
Tile Roofing Institute
U.S. Green Building Council
Window and Door Manufacturers Association

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Proposed Critical Amendments
To
United States Biofuels Policy
To Preserve the United States' Oleochemical Industry

Oleochemicals
Oleochemicals are the original "green chemistry." They are chemicals made from animal fats and seed oils, including fatty alcohols and fatty acids. Oleochemicals are used as ingredients in personal care products, cleaning products, plastics, tires, lubricants, drilling muds and paper production (see attachment).

Issue:
Oleochemicals are impacted by federal biofuels policy because they share a raw material base, i.e., animal fats, with biodiesel and other biofuels. Until 2004, the animal fats market was free and open, driven by supply and demand. Since then, biofuels producers and others have received raw material subsidies of up to $1/gal through tax credits as well as guaranteed markets via the Renewable Fuel Standards and its latest revisions (RFS2). Oleochemical producers, to their detriment, receive no such government supports. Oleochemical producers must now compete for raw material against a government-subsidized industry. Raw material prices have more than doubled since 2004.

Animal fats provide a competitive raw material base against foreign palm oil alternatives. If animal fats prices lose their competitive edge, the domestic industry stands to be lost to offshore, foreign competitors. Absent relief, market economics will first drive oleochemical production offshore to be followed by related finished product production. Animal fats are falsely portrayed as "waste." They are the lifeblood of the domestic oleochemical industry and have historical, well-established uses in other applications as well, including animal feed.

While it is somewhat difficult to tease out industry specific numbers from the Standard Industry Codes (SIC) or Dunn and Bradstreet, our best estimate is that the oleochemical industry directly supports 20,000 jobs in the United States. Oleochemical plants provide union, breadwinner jobs represented by the United Commercial and Food Workers, reflecting the industry's origins in the stockyards of the Mid West, as well as the United Steelworkers Union.

Remedy Sought
Eliminate all tax credits related to the energy use of "animal fats" including the biodiesel tax credits, all other biofuel credits, e.g., renewable diesel, as well as the alternative fuel tax credit for direct burning. Eliminate animal fats–based biofuels from qualification under the RFS2.

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Result of Proposed Amendments
The market for animal fats would once again become free, open and competitive. Oleochemical and biofuels producers would purchase animal fats at competitive, open market prices. Oleochemical producers will no longer be in competition with their own government.

Background

Legislative History
Animal fats used for biodiesel, renewable diesel, advanced biofuels and renewable biomass fuels[1] are incentivized by the "American Jobs Creation Act of 2004" and other laws by tax credits of up to $1/gal. Biodiesel markets are also guaranteed by the mandates contained in the Revised Renewable Fuel Standards (RFS2) established by the "Energy Independence and Security Act of 2007" (Public Law No. 110-140). The RFS2's mandated markets compound the situation by allowing biofuels producers to purchase their raw materials at any price since they can charge what is necessary to cover their costs because the mandated volumes of the product must be purchased by blenders.

These two principal statutes have caused the price of tallow to effectively double over pre-incentive, historical prices. This poses a serious problem. The animal fats supply is inelastic, generally varying no more than 2% per annum. Livestock are not grown for their fat. Consequently, animal fats, as well as other non-food portions of the livestock, are known as "co-products" of the slaughter.

Animal Fats are Not Waste
Animal fats have historically been used to a very high degree in various applications. Any characterization of animal fats as "waste" flies in the face of reality. Waste implies something that does not otherwise have a value. This is clearly not the case with animal fats. The Wall Street Journal and New York Times do not publish commodity prices for useless material. If you want to know the commodity prices for various grades of tallow or pork fat etc., you just have to open one of these or other papers of record. These prices are also the collected and published by private firms such as The Jacobsen Letter.

Proposed Remedies

Eliminate Animal Fats from Biofuels Excise Tax Credits
This would have the effect of shifting all subsidies to expandable agricultural crops, e.g., soybeans. Animal fats prices would once again be determined by free market conditions as they were prior to 2004. The exemption should include the Alternative Fuel Tax as well as the biofuels excise tax credits.

Amend RFS2 Biofuel Mandate
The RFS2 threatens both supply and price. The mandated volume levels of the RFS2 assure biofuels producers a market regardless of cost or price. They can pay whatever is necessary for raw materials, thereby inflating animal fats prices beyond the oleochemical industry's ability to

[1] In some instances, the same animal fats-based biodiesel (methyl ester biodiesel) is referred to by different terms despite being the same product.

compete, because their market is guaranteed. As noted above, once the price of animal fats is inflated beyond that of palm oil, the domestic oleochemical industry will have reached the tipping point of economic sustainability. ACI proposes the following to address the inequities posed by the RFS2 volume mandates:

> Exclude Fats and Greases from Definition of "Renewable Biomass"
> The definition of "renewable biomass" includes "Animal waste material and animal byproducts." Animal byproducts, e.g., fats and greases, have long, well-established markets in oleochemicals as well as pet foods and other applications. While in general, all the other stipulated constituents of "renewable biomass" are either expandable crops or genuine waste products without pre-existing markets; animal-fats and greases are traded as commodities, have a recognized economic value, are a critical raw material for an existing industry and are not an expandable supply. Neither are they wastes: the price per barrel for tallow is similar to and at times higher priced than a barrel of crude oil.
> ACI believes that reconsideration of their inclusion ought to be undertaken. They ought not to be included in this definition.
>
> A precedent for such consideration is found at Section 932(a)(C)(i) of the "Energy Policy Act of 2005." In defining biomass derived from "forest-related" materials the phrase "…or otherwise non-merchantable material" is applied. The clear implication of this is that material which otherwise has a market is excluded from the definition. ACI would respectfully urge that similar language be included in the current "renewable biomass" definition.

Eliminate Alternative Fuel Tax Credits for Direct Burning of Animal Fats
The alternative fuel tax credit currently applies to the direct burning of fats in boilers and other stationary facilities. Such burning was a longstanding practice prior to the subsidy and based on market prices for fuels and fats. As such, it was a practice analogous to the burning of "black liquor" by the paper industry. Consequently, it ought to be eliminated as well.

Legislation to accomplish these changes is attached as well. The proposal is based on existing exemptions found in related statutes that already account for the diversion of essential raw materials from historical uses to biofuel production.

Government Apportionment of the Animal Fats Market - 35% of Animal Fats and Greases Should Be Set Aside for Oleochemical Use

> Another approach is to apportion the animal fats markets to assure that traditional users of animal fats have access to sufficient fractions of the market. The US Department's Energy Information Administration already conducts a "Monthly Biodiesel Production Survey" pursuant to statute. The information required by Form EIA-22M (attached) includes disclosure of the raw material used to produce the reported biodiesel. This detailed data would allow the EPA to apportion the market appropriately among the industries that use animal fats as a raw material.

Apportioning could be conducted along the following lines. Once animal fats consumption trends for a calendar year indicate that 20% of animal fats stand to be used in biofuels, as determined by a rolling average or other appropriate statistical measure, the EPA would take steps to disqualify animal fats under the RFS2 to assure that no more than 25% of animal fats are being used for biodiesel production under the program. The goal is to assure that the oleochemical industry will have access to at least 35% of animal fats and greases for its use.

In addition, the animal fats biodiesel tax credit would be suspended once the 25% limit is reached.

Insofar as this approach would impose new costs on government and industry, it is not the oleochemical industry's preferred approach. Nevertheless, it is an option that should be considered if amendments to the RFS2 and biofuels tax credit structure cannot be accomplished.

american cleaning institute
for better living

Representative Oleochemical Uses

Daily toiletry care
Soap (liquid/bar)
Toothpaste
Shaving Cream
Moisturizing body Cream
Mouthwash
Cosmetic creams
Shampoo
Hair conditioner
Make-up
Body washes
Hand lotions
Nail Care products

Clothing Care
Detergents
Fabric softener
Stain removers

Cleaning/homes/buildings
Hard surface cleaners & sanitizers
Dish detergent (hand/machine)
Glass cleaner
Candles
Air fresheners

Other Uses:
Tires
Various rubber products
Pharmaceuticals
Building materials - foams
Lubricants
Mattresses
Automobiles - car dashboards
Inks
Paints
Textile fiber finishing
Fragrances (carriers)
Adhesives
Resins
Plastics
Water treatment materials
Paper Processing
Hydraulic Fluids
Corrosion inhibitors
Dairies - food processing
Agriculture-dispersing agent

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Textual Analysis of the Proposed Amendment to Exempt Animal Fats from National Tax Credit and Standards Programs

The proposed amendment would make changes to three statutory provisions relating to federal government policy on renewable energy, two of which provide tax credits for renewable fuels and the other that establishes national renewable fuel standards. Each of the three changes in the amendment would simply exempt fuels derived from animal fats from the application of the credits or the standard. In short, such fuels would not get to take advantage of the tax credits, and biofuel sellers would not be required to use such fuels to meet the standards. The effect of the amendments will be to re-establish a competitive open market for the marketing of the extremely inelastic supplies of animal fats. The amendment would have no adverse effect on the use of expandable agricultural crops to provide feed stocks for biodiesel production. Biofuel producers could continue to purchase animal fats in the reestablished competitive, free and open market.

Subsection (a) of the amendment would amend section 40A of the Internal Revenue Code of 1986 (26 U.S.C. 40A), which provides a $1 per gallon tax credit on the sale of biodiesel, and a 10 cents per gallon credit to small producers of agri-biodiesel (which is defined as diesel derived from virgin plant oils and animal fats).

Subsection (a) would amend the definition of "biodiesel," as used in the section 40A, by adding a caveat at the end of the definition that the term does not include biodiesel derived solely or partially from animal fats. The effect of this change is to bar the granting of the biodiesel tax credit to such biodiesel derived from animal fats.

Subsection (a) would also amend the definition of "agri-biodiesel," as used in the section, by deleting that part of the definition that states that the term means biodiesel derived from animal fats. The effect of this change similarly will bar the granting of the agri-biodiesel tax credit to animal fats-based biodiesel.

Subsection (b) of the amendment would amend section 6426 of the Code (26 U.S.C. 6426), which provides an excise tax credit for renewable fuels, including biodiesel and "alternative fuel" mixtures. With respect to the former—that is, biodiesel—animal fats-based biodiesel would be excluded from the excise tax credit by operation of the change made by subsection (a) of the amendment. This is because paragraph (5) of subsection (c) of section 6426 (which subsection establishes the credit for biodiesel mixtures) provides that, for purposes of the subsection, the terms used therein have the meaning given them in section 40A of the Code.

What subsection (b) does is address the inclusion of animal fats-based liquid fuel in the definition of "alternative fuel" also eligible for an excise tax credit by amending subsection (d) of section 6426, which establishes the alternative fuel credit.

An Internal Revenue Service notice issued in 2007 (Notice 2007-97) states that the term "alternative fuel" includes liquids derived from rendered fat. Under this notice, then, if the animal fats-based liquid fuel is not biodiesel (subsection (d)(1) of section 6426 excludes biodiesel from the definition of "alternative fuel"), the alternative fuel is eligible for the credit.

The amendment will revise the definition of "alternative fuel" for purposes of the credit to exclude any liquid fuel derived from animal fat. This change will prevent the award of the excise tax credit for such animal fats-based fuel.

Subsection (c) of the amendment would amend subsection (o) of section 211 of the Clean Air Act (42 U.S.C. 7545), which establishes renewable fuel standards. The current renewable fuel standards are a revision made in 2007 of standards established earlier, and are known by the acronym "RFS2."

Under the RFS2, all biofuels marketed in the United States annually must cumulatively contain the following volumes of biomass-based biodiesel: in 2009, 500 million gallons; in 2010, 650 million gallons; in 2011, 800 million gallons; and in 2012, 1 billion gallons.

Subsection (o) of section 211 defines "biomass-based diesel" to mean renewable fuel that is biodiesel; it defines "renewable fuel" to mean fuel that is produced from renewable biomass; and it defines "renewable biomass" to include "animal waste material and animal byproducts."

The amendment made by subsection (c) would limit the term "animal byproducts" to those byproducts that have no commercial value. The effect of this change is to exclude from the term animal fats used in commerce; and in turn the effect of revised term would be that animal fats would not be considered renewable biomass. With that, biomass-based diesel made from animal fats would not be part of the RFS2.

Statement of American Cleaning Institute Appendix C

An Amendment

To exempt animal fats from national renewable energy tax credit and standards programs to ensure that commercial users of these valuable products for purposes other than production of fuel have free-market access to them.

Viz., at the end of the bill insert the following new section:

"SEC. ____. EXEMPTION OF ANIMAL FATS FROM NATIONAL RENEWABLE ENERGY TAX CREDIT AND STANDARDS PROGRAMS.

"(a) TAX CREDITS FOR BIODIESEL AND RENEWABLE DIESEL USED AS FUEL.—Subsection (d) of section 40A of the Internal Revenue Code of 1986 (26 U.S.C. 40A) is amended by—

"(1) in paragraph (1), adding before the period at the end the following: 'nor biodiesel derived solely or partially from animal fats'; and

"(2) in paragraph (2), striking ', and from animal fats'.

"(b) VOLUMETRIC EXCISE TAX CREDIT FOR ALTERNATIVE FUELS.—Subsection (d)(2)(G) of section 6426 of the Internal Revenue Code of 1986 (26 U.S.C. 6424) is amended by inserting before the period at the end the following: ' except for liquid fuel derived from animal fat'.

"(c) RENEWABLE FUEL STANDARDS.—Subsection (o)(1)(I)(iii) of section 211 of the Clean Air Act (42 U.S.C. 7545) is amended by inserting 'otherwise non-merchantable' before 'animal byproducts'."

ACEC

AMERICAN COUNCIL OF ENGINEERING COMPANIES

STATEMENT OF THE

AMERICAN COUNCIL OF ENGINEERING COMPANIES

ON

THE HEARING ON CERTAIN EXPIRING TAX CREDITS

BEFORE THE

SUBCOMMITTEE ON SELECT REVENUE MEASURES
COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

APRIL 26, 2012

The American Council of Engineering Companies (ACEC) is pleased to offer its views on the challenge of providing incentives that can help the nation become more self-sufficient on domestically produced sources of energy. We commend the Subcommittee for its long-standing approach to solving tax issues in a bi-partisan manner and for undertaking a thoughtful exploration of the issue of tax extensions.

ACEC is the business association of America's engineering industry, representing over 5,000 independent engineering companies throughout the United States. ACEC members are directly engaged in the development of America's infrastructure, and play a particularly critical role in the effort to expand and upgrade the nation's energy infrastructure. ACEC member firms represent the broad spectrum of the industry, from very large firms to small, family-owned businesses. Overall, our members employ well over 300,000 people throughout the 50 states and the District of Columbia.

ACEC urges that the wind energy production tax credit (PTC) be extended by Congress as quickly as possible. The PTC is set to expire at the end of 2012, and it is vital to the economy that it be extended. With the current threat of the PTC's expiration, wind project developers are not making plans for the next construction season and engineering contracts for the design of new wind energy projects are declining. Once again, the wind industry is facing the recurrence of the boom-bust cycle it has seen in previous years when the PTC was allowed to expire. The history for the years following previous expirations is that installations dropped between 73-93 percent, with corresponding job losses across the industry.

The tax incentives for wind, as well as other types of renewable energy, have been tremendously successful in spurring construction of new projects and supporting economic development. If we are to truly have an "all-of-the-above" energy policy and encourage energy diversity, wind energy must be part of America's energy mix. All of this is in jeopardy by Congress' failure to act to extend the wind energy PTC.

It is critical that Congress extend the wind energy production tax credits for at least an additional year while discussions take place on the parameters of a reasonable phase-out. Unlike the permanent tax credits and deductions for fossil fuels, the wind energy industry, and the engineering firms that that support it, are not seeking an extension that lasts indefinitely.

ACEC supports HR 3307, a bi-partisan bill which extends the PTC through the end of 2016 for wind energy, as well as geothermal, hydropower, landfill gas, municipal trash, marine and hydrokinetic energy projects. Such a timetable provides predictability while these industries mature and their robust progress continue to spread throughout all parts of the country.

In the meantime, the wind energy PTC should not be allowed to expire and cause another drop in the development and construction of wind energy projects. We urge the subcommittee to expeditiously take up an extension of the wind energy production tax credit.

American Council of Engineering Companies
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American Council on Education
Leadership and Advocacy

Office of the President

Testimony for the Record
Submitted to the
U.S. House of Representatives Subcommittee on Select Revenue Measures
of the Committee on Ways and Means
for the April 26, 2012 Hearing on Certain Expiring Tax Provisions

May 10, 2012

On behalf of the higher education associations listed below representing approximately 4,300 two- and four-year public and private colleges and universities, I am submitting this written testimony for the record of the April 26, 2012 hearing on certain expiring tax provisions. We appreciate the opportunity to submit our views to the Subcommittee on Select Revenue Measures on several expired and expiring tax provisions which are important to college students and their families, as well as charitable giving to higher education.

We strongly support extending the American Opportunity Tax Credit (AOTC), the above-the-line deduction for qualified tuition and related expenses (tuition deduction), the Employer-provided Educational Assistance (Sec. 127) benefits, the expanded Student Loan Interest Deduction (SLID), and the expanded Coverdell Education Savings Accounts (ESAs). Each of these provisions help make higher education accessible for millions of Americans and ensure that our nation will have the educated citizenry the future requires. We also strongly support extending the Individual Retirement Account (IRA) Charitable Rollover, a provision that has generated new and increased private support to colleges and universities since its inception in 2006.

Set to expire at the end of the year, the AOTC significantly improves the longstanding Hope Scholarship Credit by increasing the credit from \$1,800 to \$2,500, expanding eligible expenses, making it available for four rather than only two years of college, increasing the income phase-out thresholds, and making the credit partially refundable. Also scheduled to expire this year are improvements originally made to SLID and Coverdell ESAs in the Economic Growth and Tax Relief Act of 2001. If not extended, SLID will be drastically limited by reduced income thresholds and a 5-year limit and Coverdell ESAs will revert to allowing only \$500 in tax-free annual contributions (currently \$2,000). These critical tax benefits are tailored to help students and their families manage the costs of college attendance.

In addition, Sec. 127 will expire in its entirety this year. Originally enacted in 1978, Sec. 127 allows employers to offer up to \$5,250 in tuition assistance to employees annually. These funds offer tax benefits to both employers and student employees. According to the most recent available Department of Education data, the nearly one million American workers who used this tuition assistance in the 2007-2008 academic year had an average annual employment earnings of \$42,711.

This provision has been an important means of building and adding to the competencies of the workforce, and is a critical tool to help our nation accelerate its economic engine. The top majors among recipients of tax-free tuition include science, technology, engineering and mathematics. More than 35 percent of degrees pursued by employees using education assistance are master's degrees. It is essential that Sec. 127 be extended as soon as possible to provide certainty to employers and student employees as they make plans for the coming year and beyond.

Two other tax provisions equally important to higher education – the tuition deduction and the IRA Charitable Rollover – expired at the end of last year. The tuition deduction allows students or parents to deduct up to $4,000 in eligible higher education expenses from their taxable income. Like the AOTC, the tuition deduction enhances access to higher education by helping to reduce the cost of attending college. The tuition deduction is particularly beneficial to graduate students who are ineligible for the AOTC.

The IRA Charitable Rollover permits IRA owners who are at least 70 ½ years old to make tax-free donations to eligible charities, including colleges and universities. Since it was first instituted in 2006, the IRA Charitable Rollover has proven to be a valuable charitable giving tax incentive that should be extended to help colleges and universities generate new or increased charitable contributions that can be used in a myriad ways to benefit students. Significantly, survey evidence of past IRA rollover gifts to our campuses revealed that a primary use of such gifts by institutions has been student financial aid. Its lapse impaired the ability of colleges and universities to raise charitable funds at a time when private support is increasingly important to schools struggling to weather these challenging economic times, uncertain endowment returns, and severe declines in state appropriations.

All of these tax provisions enhance access to higher education through direct support to students or their families and indirectly by helping generate charitable donations to college and universities that are frequently used to support institutional student financial aid. We thank the Committee for this opportunity to submit this statement for the hearing record and for considering our views.

Sincerely,

Molly C. Broad

Molly Corbett Broad
President

MCB/ldw

On behalf of:
American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
American Association of State Colleges and Universities

Testimony for Hearing on Certain Expiring Tax Provisions
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May 10, 2012

American Council on Education
Association of American Universities
Association of Community College Trustees
Association of Jesuit Colleges and Universities
Association of Public and Land-grant Universities
Council for Advancement and Support of Education
Council of Graduate Schools
Hispanic Association of Colleges and Universities
National Association of College and University Business Officers
National Association of Independent Colleges and Universities
National Association of Student Financial Aid Administrators

Statement of the American Farm Bureau Federation

TO THE

HOUSE COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON SELECT REVENUE MEASURES REGARDING: MEMBER PROPOSALS RELATED TO CERTAIN TAX PROVISIONS THAT EITHER EXPIRED IN 2011 OR WILL EXPIRE IN 2012

April 26, 2012

600 Maryland Ave. SW | Suite 1000W | Washington, DC 20024 | p. 202.406.3600 | f. 202.406.3606 | www.fb.org

The American Farm Bureau Federation appreciates the opportunity to file this statement on tax provisions that either expired at the end of 2011 or will expire at the end of 2012. With more than 6.2 million member families, our organization represents a diverse range of agricultural producers and supporters from all 50 states and Puerto Rico. Action by Congress to extend many important tax provisions before year end is critical to our.

Before discussing provisions typically categorized as expiring because of their short term nature or history of multiple extensions, Farm Bureau would like to emphasize the importance of extending the current estate tax exemption. When estate taxes on an agricultural business exceed cash and other liquid assets, surviving family partners may be forced to sell land, buildings or equipment needed to keep their businesses operating. This not only can cripple a farm or ranch operation, but also hurts the rural communities and businesses that agriculture supports. Other important issues include maintaining capital gains tax rates, individual income tax rates and holding the Alternative Minimum Tax harmless.

Incentives for Renewable Energy

Clean, renewable, domestic energy will help America achieve long-term economic growth, create a cleaner environment and shield the economy from unreliable foreign energy sources. American farmers and ranchers are playing a bigger role in supplying the nation with the energy it needs through the production of agricultural-based, renewable energy resources. Long-term extensions of renewable energy tax incentives are needed to boost renewable technologies and support development of the market infrastructure necessary to make these technologies more competitive. In addition, the long-term extension of renewable energy incentives will ensure industry stability along with attracting the capital necessary to realize the benefits of long-term planning. Renewable energy tax incentives that should be extended include:

- Biodiesel and renewable biodiesel tax incentives;
- Small biodiesel producer tax credit;
- Tax incentives for diesel fuel created from biomass;
- Tax incentives for alternative energy refueling property;
- Cellulosic biofuels producer tax credit;
- Production tax credit for power from wind; and
- Production tax credit for power from biomass.

Deduction for Self-Employed Deduction against SE Taxes

With health insurance premiums on the rise and benefits on the decline, self-employed individuals, including most farmers and ranchers, continue to find it difficult to obtain and afford health insurance coverage. Congress recognized the need to make coverage more affordable by permanently allowing a deduction for health insurance premiums against income taxes. With many producers paying as much or more in self-employment taxes as income taxes, it is important to reinstate and extend the deduction for health insurance premiums against self-employment taxes.

Section 179 Small Business Expensing and Bonus Depreciation

The ability to deduct expenses immediately instead of having to depreciate them over time improves cash flow and allows farm and ranch businesses to better match income and expenses. Section 179 allows small businesses to expense the cost of qualified property in the year purchased in lieu of depreciation. Bonus depreciation gives businesses a way to write off additional expenses. Enhanced Section 179 small business expensing is especially important to farm and ranch businesses and should be extended. Bonus depreciation is also valuable in instances involving the purchase of new equipment.

Five Year Depreciation of Farm Equipment

Agriculture is an equipment-intensive industry with nearly $130 billion of stock in use during any given year. Ideally, the allowed number of years to depreciate a piece of business machinery or equipment should match the period of debt service so that the tax benefits can be used to finance payments. Surveys from USDA's Farm Service Agency surveys show, on average, farmers and ranchers finance business equipment and machinery for five years. Five-year depreciation of farm equipment should be reinstated and extended.

Modification of the Tax Treatment of Certain Payments to Controlling Exempt Organizations

Interest, rents, royalties and annuities (*i.e.*, payments of passive income) are generally received free of tax by exempt organizations. Under Internal Revenue Code Section 512(b)(13), however, these payments are subject to tax if they are received from a "controlled" organization (*e.g.*, a subsidiary). Fair market provisions provide a reasonable and fair way to determine when Unrelated Business Income Tax (UBIT) is owed and should be reinstated, extended and amended to cover new contracts between tax-exempt parent organizations and their controlled subsidiary organizations.

Elimination of Tax on Awards under the National Health Service Corps Scholarship Program

Individuals living in rural and isolated areas face special challenges in receiving timely, quality health care. These areas often suffer from shortages of physicians and other health care providers, and the costs of providing quality health care in a rural health infrastructure can extend beyond available resources. The tax-free treatment of scholarships awarded to health care providers who agree to practice in underserved areas should be extended.

Enhanced Charitable Deduction for Contributions of Food Inventory

Some farmers and ranchers already donate gleaned food to charitable organizations that feed the hungry. Many more would do so if they are able to take a tax deduction that would help them to cover the expense of harvesting, processing and transportation. The enhanced charitable deduction for donated food for non-C corporations should be reinstated, extended and should be expanded so that cash method farmers (who do not use accrual accounting) can take advantage of tax incentives for donating food.

Contributions of Capital Gains Real Property Made for Conservation Purposes

Easements are an important tool for conserving our nation's resources and safeguarding farmland. When farmers and ranchers voluntary donate conservation easements, they preserve farmland for future generations by giving up development rights while retaining ownership and management of the land. The enhanced deduction for donated conservation easements should be reinstated and extended to give farmers and ranchers an incentive to preserve farmland and in recognition of the reduced value of protected farmland.

Railroad Track Maintenance Credit

Short line railroads are a feeder system for large Class I railroads, picking up or delivering one out of every four rail cars moving on the national rail network. They offer agricultural producers moving commodities to market an alternative to truck transport and allow producers to reach markets far beyond that in which trucks can reach in an economic manner. The tax credit for track maintenance should be reinstated and extended.

THE AMERICAN INSTITUTE OF ARCHITECTS

STATEMENT FOR THE RECORD

OF

THE AMERICAN INSTITUTE OF ARCHITECTS

FOR THE HEARING ON

"CERTAIN EXPIRING TAX PROVISIONS"

BEFORE

THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SELECT REVENUE MEASURES

APRIL 26, 2012

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202-626-7300 ☐ www.aia.org

The American Institute of Architects (AIA) appreciates the opportunity to submit this statement for the record and commends the Subcommittee's work on the critical issue of expiring tax provisions.

Given the critical economic, security, and environmental considerations surrounding the energy sector, the issue of energy tax policy is an important consideration as extensions are considered. Although there are numerous tax policies that impact energy policy and the built environment, our statement focuses on an energy efficiency and conservation tax provision, the Energy Efficient Commercial Building Deduction, which is contained in section 179D of the Internal Revenue Code. Although not an expiring provision this year (it is set to expire in 2013), the AIA highlights the 179D deduction as an example of one provision in the energy tax family that has had a demonstrable effect on energy efficiency investment, domestic manufacturing, and design and construction industry jobs.

The 179D deduction has leveraged billions of dollars in private capital, resulted in the energy-efficient construction or renovation of thousands of buildings, and created or preserved hundreds of thousands of jobs in the process. Due to its success in the field, 179D is a good indicator of the positive impact extensions of renewable energy and energy efficiency incentives can have on the economy.

In recognition of the benefits of the section 179D deduction, there have been reform proposals offered in recent months aimed at further enhancing the important tax benefit. The AIA supports reform of the 179D deduction that makes it simpler and more accessible. As these discussions progress, the AIA also strongly urges Congress to consider enhancements to 179D that would provide an effective and efficient way to encourage investments in energy efficiency, stimulating construction activity and jobs during this fragile time in the nation's economy.

The AIA represents over 75,000 architects and emerging professionals nationwide and around the world. As a leader in the design and construction industry, the AIA supports incentivizing energy efficiency in a myriad of ways, but particularly through provisions like 179D, that have proven to be quite successful in the field.

The AIA strongly supported this provision when it was enacted as part of the Energy Policy Act of 2005. The AIA also helped form a partnership with other concerned stakeholders and through this partnership, developed implementation recommendations for building owners to obtain this tax deduction. In 2008, the AIA helped pass legislation to extend the life of the deduction so that it covers property placed in service by December 31, 2013. That same year, at the AIA's urging, the IRS issued guidance on how the deduction could be allocated to the designer.

The AIA was pleased with the initial clarification that this IRS guidance provided, and many agencies on the federal, state and local levels followed suit by issuing policies on the allocation of this deduction.

Background on Section 179D, the Energy Efficient Commercial Building Deduction

The Energy Efficient Commercial Building Deduction was created by the Energy Policy Act of 2005 (Pub. L. No. 109-58), in recognition of the fact that a substantial portion of U.S. energy consumption is attributable to commercial buildings and to provide a tax incentive to help offset the costs associated with enhancing their energy efficiency. Section 179D provides a deduction for certain energy-efficient commercial building property expenditures.

Eligible expenditures are for property which is: (1) installed on or in any building that is within the scope of Standard 90.1-2001 of the American Society of Heating, Refrigerating, and Air Conditioning Engineers and the Illuminating Engineering Society of North America ("ASHRAE/IESNA"); (2) installed as part of the (i) interior lighting systems, (ii) heating, cooling, ventilation, and hot water systems, or (iii) building envelope; and (3) certified as being installed as part of a plan designed to reduce total annual energy and power costs by 50 percent or more. The deduction is effective for property placed in service prior to January 1, 2014.

The maximum deduction is $1.80 per square foot. In the case that a building does not meet the 50 percent energy savings requirement, a partial deduction of $0.60 per square foot is allowed for each separate building system that comprises energy-efficient property and that is certified as meeting required savings targets. To encourage the public sector to utilize these same energy efficient enhancements, the 179D deduction also provides a federal, state, or local government owner of a commercial building an election to allocate the tax deduction to the primary person responsible for designing the energy efficient enhancements installed in the building.

Building owners who take advantage of 179D not only enjoy a deduction for qualifying levels of efficiency but also enjoy significantly lower energy costs down the road, the benefits of leading edge design and construction which enhances the building's long term market value, and the benefits of a cleaner environment overall. Owners have utilized the deduction for both new construction projects and retrofits of existing buildings.

Although a public entity cannot take advantage of the tax proceeds from the 179D deduction allocation, it will also receive other benefits in the form of energy savings and market value, often totaling more than the deduction proceeds received by the designer.

The average 179D project (typically $0.60/ sq. ft. for lighting upgrades) saves an agency an average of 20 percent on their energy expenses. However, even in cases where there are minimal upgrades that qualify for 179D, agencies have saved relatively large amounts.

For example, when a middle school set out to retrofit its lighting system, an architect worked to find 12 percent energy savings just on that single lighting system. The system then qualified for the 179D partial lighting deduction. In return, the school saved $15,000 on its energy bill in that year alone. It saved even more the next year, and will continue to save each year. Over 10 years, that totals to over $150,000, for a single school. School districts that take advantage of 179D for five, 10, or 20 schools can save millions of dollars over 10 years, at no additional cost to them, because they can utilize the 179D deduction to finance the additional energy savings.

This example illustrates the impact of just 12 percent energy savings in a single school. There are hundreds of other examples of the deduction providing even greater benefits to school districts, army bases, civic structures, and other publicly owned buildings across the nation.

Proposals to Improve the 179D Deduction

There have been reform proposals offered in recent months aimed at further enhancing this important tax benefit. AIA supports commonsense efforts that make 179D more usable, effective and simpler. As these discussions progress, the AIA, in particular, strongly urges Congress to consider three key improvements to 179D: (1) ensuring the ability of pass-through entities to capture the full value of an allocated deduction in the case of a public owner of a building; (2) enhancing the value of the 179D deduction; and (3) allowing non-profit owners of buildings, similar to public owners of buildings, to allocate the deduction.

Allocating the Section 179D Deduction to a Pass-Thru Entity

The section 179D deduction provides a federal, state, or local government owner of a commercial building an election to allocate the tax deduction to the primary person responsible for designing the energy efficient enhancements. In December 2010, the IRS released a memo that effectively prevents design firms organized as partnerships or S corporations from fully realizing the benefit of a section 179D allocated deduction.

This problem is not merely theoretical – almost 80 percent of architectural firms have fewer than 10 employees and a significant number of these small businesses are organized as partnerships and S corporations. Moreover, it is often these small and mid-size firms that work on state and local government projects such as schools.

By way of background, an allocated section 179D deduction is a tax deduction that does not reflect an economic cost to the recipient taxpayer, because similar to a tax credit, the deduction provides an incentive. The technical tax rules nonetheless treat an allocated deduction as reflecting an economic cost to the taxpayer and accordingly reduce partnership and S corporation taxable income *and* the partners'/shareholders' basis in the partnership/S corporation (*i.e.*, "outside basis") by the amount of the allocated deduction. The reduced outside basis may force partners and S corporation shareholders to recognize taxable gain on the distribution of economic earnings that were excluded from tax by the allocated section 179D deduction at the partnership and S corporation level. The IRS memo states that, in the absence of explicit statutory authority allowing for basis adjustments to preserve the benefit of the deduction at the partner or shareholder level, the technical tax rules govern. The result will be that, in the case of many partnerships and S corporations, the benefit of the section 179D deduction will be lost or significantly diminished. This will harm not only these firms, but also the school districts and other public entities who own the buildings.

In order for partnerships and S corporations to obtain the intended benefits, it is necessary for partners and S corporation shareholders to obtain a basis in their partnerships and S corporations that is not reduced by an allocated 179D deduction. This issue could be addressed by a simple modification to expressly require Treasury to issue regulations that properly determine partnership or S corporation outside basis in the case where the 179D deduction is allocated.

Such a clarification would provide certainty and address a widespread concern among many small businesses that design energy efficient buildings.

Enhancing the Section 179D Deduction
The impact of the section 179D deduction has become muted over time. The maximum deduction of $1.80 per square foot has not been increased since the deduction was put in place in 2005 and, as a result, has not kept pace with inflation. Moreover, as the economy and financial markets continue their fragile recovery, the amount of capital available for building design, construction, and renovation continues to be limited. A recent AIA survey of architecture firms shows that nearly two-thirds report that a lack of financing has slowed or stopped construction projects that would create jobs. Owners are also less likely to invest the upfront capital costs associated with energy efficient systems, which often are somewhat more expensive to design, build, and install than their less efficient counterparts.

In 2010, a coalition of more than 80 organizations and companies called on Congress to increase the 179D deduction from the current maximum allowable amount of $1.80 per square foot to $3.00 per square foot. In the case of individual subsystems, the maximum allowable deduction should be increased from $0.60 per square foot to $1.00 per square foot. Bipartisan legislation was introduced in both chambers in the 111th Congress to enhance the deduction in this way.

Enhancing the 179D deduction would provide an important source of additional capital to stimulate building design, construction, and renovation, driving the creation of well-paying jobs. Studies have shown that every $1 million invested in design and construction yields 28.5 full-time jobs. Moreover, an enhanced section 179D deduction would further incentivize energy efficiency, improve the nation's commercial building stock, and increase energy independence.

Allocating the Section 179D Deduction in the Case of a Non-Profit Owner of a Building The 179D deduction allocation provision, which allows a federal, state, or local government owner of a building to allocate the deduction to the designer, has been used to great effect by design professionals to encourage their public sector clients to meet the energy targets of the deduction and then have the client assign them the tax deduction. The result has been more energy efficient public buildings, lower energy costs for the building owners, and tax relief for design professionals.

In many cases, non-profit entities, such as hospitals, universities, private schools, charities, and foundations, conduct functions similar to state and local governments. Currently, non-profit entities own thousands of properties across the country. Although retrofits to these properties could result in significant energy savings, the non-profit entities do not pay taxes and, consequently, cannot benefit from the section 179D deduction.

The section 179D allocation provision should be expanded to provide non-profit owners of buildings, similarly to public owners of buildings, with the ability to elect to allocate the deduction to the primary designer of the building. Such a provision would assist non-profits in financing energy efficiency upgrades and would reduce their energy costs in the longer-term.

Conclusion
The AIA appreciates the opportunity to submit this statement for the record. As Congress considers expiring tax provisions, it is important to recognize the impact the 179D deduction has had in leveraging private capital and increasing energy-efficient construction and renovation. Modest improvements to the section 179D deduction would increase the effectiveness and efficiency of this important tax policy. The AIA and its members are ready to serve as a resource to Congress, the Committee, and the Subcommittee on these and other issues.

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

May 10, 2012

Chairman Pat Tiberi
U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select
Revenue Measures
1102 Longworth House Office Bldg.
Washington, DC 20515

Ranking Member Richard Neal
U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select
Revenue Measures
1102 Longworth House Office Bldg.
Washington, DC 20515

Dear Chairman Tiberi and Ranking Member Neal:

On behalf of the American Public Transportation Association (APTA) and its more than 1,500 member organizations, I thank you for holding the April 26, 2012 tax extenders hearing. I write to highlight the critical importance of continuing two particular tax provisions:

- Alternative Fuels Tax Credit
- Transit/Vanpool Commuter (pre-tax) Fringe Benefits

Alternative Fuels Tax Credit

Several federal excise tax credits for alternative fuels and related infrastructure expired as of December 31, 2011. Among them were important provisions of the Internal Revenue Code pertaining to liquefied or compressed natural gas (LNG/CNG). These provisions provided important offsets to transit agency fuel and operating costs, thereby supporting improved transportation services, as well as aiding in job retention and in meeting important goals of air quality improvement and carbon emission reduction. Transit providers across the country depend on thousands of CNG/LNG-fueled vehicles to operate their systems safely and efficiently carry millions to work, school, medical appointments, and to their houses of worship.

Specifically, the transit industry urges support for legislation that would extend the 50 cent per gasoline gallon equivalent (gge) tax credit for natural gas (both CNG and LNG) used as a motor fuel vehicle and also extend tax credits for the fueling infrastructure necessary to facilitate CNG/LNG utilization. Public transportation agencies that utilize natural gas for a portion or all of their fleet fueling needs have experienced significant budget savings from this provision. Lower fueling costs enable improvements elsewhere in an agency's service and operations. Notwithstanding current market prices for natural gas, it is important to emphasize that these provisions enable public transportation providers to justify and fiscally manage high upfront capital costs for associated infrastructure.

1666 K Street, N.W. 11th Floor Washington, DC 20006 Phone (202) 496-4800 FAX (202) 496-4324 www.apta.com

In 2011, 10.4 billions rides were taken on public transportation nationwide – the 2nd highest transit ridership since 1957 – and we believe that ridership will continue to grow. By extending these tax provisions, public transportation can continue to meet the needs of its growing ridership, while doing its part to reduce harmful emissions. Extending the CNG/LNG tax credit signifies that we are committed to a long-term strategy for energy security.

Transit/Vanpool Commuter Fringe Benefits

I also urge you to support parity between transit/vanpool and parking fringe benefits. As you are aware, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, maintained parity between transit/vanpool and parking benefits at $230 per month through 2011. However, at the close of 2011 this parity level was allowed to expire, causing the transit/vanpool portion of the benefit to revert back to a maximum of $125 per month while the parking portion of the benefit *increased* to a maximum of $240 per month. This represents a financial bias in the tax code against transit use at a time when gas prices and energy independence are of utmost concern.

Current challenging economic conditions have placed considerable pressure on employers to reduce costs as well as on employees to reduce personal spending. Companies, including small businesses, benefit from the pre-tax commuter benefit provision because it provides savings by reducing payroll taxes, while also offering a valuable employee recruitment and retention tool. Employees benefit significantly from reduced commuting costs at a time when many transit agencies are raising fares as they struggle to balance their budgets. As a result of a reduced transit benefit, those commuting to and from work via transit have endured higher commuting costs and business owners have seen their payroll tax liability increased.

Congressman Jim McGovern (MA) has sponsored H.R. 2412, The Commuter Benefits Equity Act of 2011 which would establish permanent parity between transit/vanpool and parking benefits. We fully support this bill and would be inclined to support any other bill that would establish parity and remove the current disincentive for workers to commute using public transportation.

I thank you for your consideration to extend the Alternative Fuels Tax Credit and the Transit/Vanpool Commuter Fringe Benefit. Both provisions are critical to supporting transit and our nation's economic recovery. If you have questions, please have your staff contact Brian Tynan of APTA's Government Affairs Department at (202) 496-4897 or email btynan@apta.com.

Sincerely yours,

Michael P. Melaniphy
President & CEO

MPM/bt

Contact Information

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Statement of American Wind Energy Association 1

Written Comments for the Record: Hearing on Certain Expiring Tax Provisions

House Ways and Means Subcommittee on Select Revenue Measures

April 26, 2012

Comments submitted by:

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Below please find a letter sent from 370 companies and organizations to Congressional leadership this past November, emphasizing the urgency of extending the renewable energy production tax credit (PTC). This group continues to work together to push for an immediate extension of the PTC.

November 17, 2011

The Honorable John Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
House Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Dave Camp
Chair, Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Sander Levin
Ranking Member, Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Senate Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mitch McConnell
Senate Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Max Baucus
Chair, Finance Committee
U.S. Senate
Washington, DC 20510

The Honorable Orrin Hatch
Ranking Member, Finance Committee
U.S. Senate
Washington, DC 20510

Dear Speaker Boehner, Majority Leader Reid, Minority Leader Pelosi, Minority Leader McConnell, Chairman Camp, Chairman Baucus, Ranking Member Levin, and Ranking Member Hatch:

We are writing to encourage you to keep Americans at work while promoting energy security, economic development, and a clean affordable electricity supply by passing a four-year extension of the renewable energy production tax credit (PTC) before the end of this calendar year. It is urgent that we avoid the looming tax increase on wind energy, as investments are stalling now and will continue to stall, with corresponding job losses, until a bill to extend the PTC is passed.

The federal PTC is an effective tool to keep electricity rates low and encourage development of proven clean energy projects, which must play a central role in America's long-term electric energy supply. Equipped with the PTC, the wind energy industry has contributed impressively to U.S. economic development. Since 2005, the wind industry has spurred more than $60 billion of investment. Today, over 400 facilities across 43 states manufacture for the wind energy industry. US wind turbine manufacturing has grown 12-fold – 60% of a wind turbine's value is now produced here in America, as compared to 25% prior to 2005. Further, costs have been reduced over 90% since 1980, recently driven by a surge in game-changing technological advances. In the last four years, wind energy has provided 35% of all new U.S. power capacity.

Yet despite its clear success, the PTC has been allowed to expire frequently and is again set to expire at the end of 2012. Now is not the time to increase taxes on wind energy. The PTC should be extended for at least another four years so that American know-how can keep producing domestic clean energy. When the PTC has expired in the past, installations have dropped between 73 and 93 percent, with corresponding job losses. An expiration at this time would jeopardize this new American manufacturing sector.

The next few years are critical to ensure that properly sited wind energy is a viable part of a balanced domestic electricity portfolio. We look forward to working with you to continue creating economic opportunities for American communities through clean, affordable, and homegrown wind energy.

Sincerely,

Alaska Applied Sciences, Inc., Juneau, AK
O'Neal Industries, Birmingham, AL
Signal International, Inc., Mobile, AL
Vectorply Corporation, Phenix City, AL
Winds of Change Leaseholding LLC, Humphrey, AR
LM Wind Power, Inc., Little Rock, AR
TPI Composites, Inc., Scottsdale, AZ
UniSource Energy Corporation, Tucson, AZ
Lawrence Roll-Up Doors, Inc., Baldwin Park, CA
California Wind Energy Association, Berkeley, CA
RAM Associates, Brentwood, CA
Clipper Windpower, Carpinteria, CA
Oak Creek Energy, Escondido, CA
Bal Seal Engineering, Inc., Foothill Ranch, CA
Airtech International, Inc., Huntington Beach, CA
Debenham Energy LLC, Lakeside, CA
Kousa International LLC, Los Angeles, CA
Union Bank, Los Angeles, CA
Mitsubishi Power Systems Americas, Inc., Newport, CA
Whitewater Maintenance Corporation, North Palm Springs, CA
Whitewater Wind Energy, Inc., North Palm Springs, CA
Renewable Energy Consulting Services, Inc., Palo Alto, CA
LH Renewables, Redlands, CA
San Gorgonio Farms, Inc., Redondo Beach, CA
Independent Energy Producers Association, Sacramento, CA
enXco, San Diego, CA
Eurus Energy America Corporation, San Diego, CA
GL Garrad Hassan, San Diego, CA
Renewable Strategies LLC, San Diego, CA
Port of San Diego, San Diego, CA
Talco Electronics, San Diego, CA
Center for Resource Solutions, San Francisco, CA
Pacific Gas & Electric Company, San Francisco, CA
Pattern Energy, San Francisco, CA
Sierra Club, San Francisco, CA
Infinity Wind Power, Santa Barbara, CA
Rope Partner, Inc., Santa Cruz, CA

World Wind Services, Tehachapi, CA Whitewat
er Energy Corporation, Torrance, CA PowerWor
ks LLC, Tracy, CA
MATZ + CIF LLC, Aurora, CO O'Neal
Steel, Inc., Aurora, CO Boulder Win
d Power, Boulder, CO
Intermountain Wind LLC, Boulder, CO
juwi Wind Energy USA, Boulder, CO RE
S Americas, Broomfield, CO
Chimney Rock Capital Partners, Denver, CO
Colorado IPP Group, Colorado Independent Energy Association, Denver, CO
Colorado Renewable Energy Society, Denver, CO
Interwest Energy Alliance, Denver, CO
Kenersys Americas, Denver, CO
Knight Piesold, Denver, CO
REpower USA Corporation, Denver, CO Rocky Mo
untain Farmers Union, Denver, CO Western Gove
rnors' Association, Denver, CO Power Company o
f Wyoming LLC, Denver, CO Solas Energy Consulti
ng US, Inc., Fort Collins, CO PMC Hydraulics, Inc,
Golden, CO
SGB USA, Inc., Golden, CO
Disgen Development Services LLC, Lakewood, CO
Lincoln County Economic Development Corporation, Limon, CO
Town of Limon, Limon, CO
City of Sterling, Sterling, CO
Logan County Commissioners, Sterling, CO
Logan County Economic Development Corporation, Sterling, CO
Green Energy 911 LLC, Thornton, CO
RENEW New England, Madison, CT
Stran Technologies, Naugatuck, CT
American Corn Growers Association, Washington, DC American
Council of Engineering Companies, Washington, DC American
Farm Bureau Federation, Washington, DC
American Great Lakes Ports Association, Washington, DC
American Wind Energy Association, Washington, DC Clean
Economy Network, Washington, DC
Defenders of Wildlife, Washington, DC Ea
rth Day Network, Washington, DC Earth P
olicy Institute, Washington, DC Edison Ele
ctric Institute, Washington, DC
Friends Committee on National Legislation, Washington, DC
League of Conservation Voters, Washington, DC
MAPA Group, Washington, DC
National Association of Manufacturers, Washington, DC
National Farmers Union, Washington, DC
The Pew Environment Group, Washington, DC
The Wilderness Society, Washington, DC

United Steelworkers, Washington, DC
World Wildlife Fund, Washington, DC S
caled Energy LLC, Fort Myers, FL
NextEra Energy Resources, Juno Beach, FL
Siemens Energy, Orlando, FL
DeTect, Inc., Panama City, FL Ne
xtwind, Inc., St. Augustine, FL
American Energy Innovations LLC, Stuart, FL
ARI Green Energy, Inc., Yulee, FL
DBI Plastics N.A., Inc., Atlanta, GA
Southern Alliance for Clean Energy, Atlanta, GA
Zoppas Industries, Atlanta, GA
ZF Wind Power LLC, Gainesville, GA
Sany Electric, Peachtree City, GA Ros
si, Suwanee, GA
Heston Wind & Renewable Energy, Bettendorf, IA
Alfagomma America, Burlington, IA
Webber Metal Products, Inc., Cascade, IA Sa
dler Machine Company, Cedar Rapids, IA Sny
der & Associates, Inc., Council Bluffs, IA Iowa
Environmental Council, Des Moines, IA
MH&W International Corporation, Des Moines, IA
MidAmerican Energy Company, Des Moines, IA El
MCo, Inc., Farley, IA
Wind Utility Consulting, PC, Jamaica, IA
Acterra Group, Inc., Marion, IA
Iowa Wind Energy Association, Milford, IA
Iowa Farm Bureau Federation, West Des Moines, IA
Idaho Conservation League, Boise, ID
Composites One, Arlington Heights, IL Titan
Tool Works LLC, Carol Stream, IL ACCIONA En
ergy North America, Chicago, IL Akuo Energy
USA, Chicago, IL
E.ON Climate & Renewables North America LLC, Chicago, IL
Environmental Law & Policy Center, Chicago, IL
Invenergy LLC, Chicago, IL
JPMorgan Capital Corporation, Chicago, IL
Lubbock Economic Development Alliance, Chicago, IL
Mainstream Renewable Power, Chicago, IL
Nordex USA, Inc., Chicago, IL PNE
WIND USA, Inc., Chicago, IL
Suzlon Wind Energy Corporation, Chicago, IL
Tempel, Chicago, IL
Leeco Steel, Darien, IL
Crescent Electric Supply Company, East Dubuque, IL
Winergy Drive Systems Corporation, Elgin, IL
Alliant Energy Corporation, Geneva, IL
SSAB Americas, Lisle, IL

ITH Engineering, Inc., McHenry, IL Pri
de Machine Tool, Inc., Melrose, IL
NTN Bearing Corporation, Mount Prospect, IL
Broadwind Energy, Inc., Naperville, IL
Rock Wind LLC, Rockford, IL
Sumitomo Corporation of America, Rosemont, IL
MasTec, Sugar Grove, IL
Bedford Machine and Tool, Inc., Bedford, IN Hoo
sier Environmental Council, Indianapolis, IN
Wind Energy Manufacturers Association, Indianapolis, IN
White County Economic Development, Monticello, IN Reno
County Wind Initiative, Hutchinson, KS
Climate + Energy Project, Lawrence, KS
TradeWind Energy LLC, Lenexa, KS Progr
essive Products, Inc., Pittsburg, KS Alltite
, Inc., Wichita, KS
Balluff, Inc., Florence, KY
The ReGen Group, New Orleans, LA
CP Global, Boston, MA
Environment America, Boston, MA
FGE Power, Boston, MA
First Wind, Boston, MA
Competitive Power Ventures, Braintree, MA Un
ion of Concerned Scientists, Cambridge, MA Cle
an Power Now, Hyannis, MA
K2 Management, Inc., Needham, MA
Duromar, Inc., Pembroke, MA
Boreas Renewables LLC, Somerville, MA
Second Wind, Somerville, MA
National Grid, Westborough, MA
PcVue, Inc., Woburn, MA NADICO
M, Fulton, MD
Izaak Walton League of America, Gaithersburg, MD
FIBOX Enclosures, Glen Burnie, MD
Chesapeake Climate Action Network, Takoma Park, MD Windepe
ndence/Community Energy Partners LLC, Freeport, ME James W.
Sewall Company, Old Town, ME
Sargent Corporation, Stillwater, ME
Orisol Energy, Ann Arbor, MI
Kinetik Partners, Berkley, MI
Danotek Motion Technologies, Canton, MI
Energetx Composites, Holland, MI Ventowe
r Industries, Monroe, MI
Kaydon Corporation, Muskegon, MI
Atwell LLC, Southfield, MI
Blattner Energy, Inc., Avon, MN ALLETE
/Minnesota Power, Duluth, MN
Westwood Professional Services, Eden Prairie, MN

Otter Tail Power Company, Fergus Falls, MN South
west Initiative Foundation, Hutchinson, MN Enviro
nment Minnesota, Minneapolis, MN
Front Row Energy, Minneapolis, MN Mortenson C
onstruction, Minneapolis, MN Project Resources C
orporation, Minneapolis, MN Zero-
-Max, Inc., Plymouth, MN
Fresh Energy, St. Paul, MN Kid
Wind Project, St. Paul, MN
Minnesota Department of Employment and Economic Development, St. Paul, MN
Wind on the Wires, St. Paul, MN
American Wind Management, Inc., Tower, MN Integrat
ed Wind Energy Services, Cape Girardeau, MO Carthag
e Chamber of Commerce, Carthage, MO
Able Manufacturing & Assembly, Joplin, MO
CNC Machine Products, Inc., Joplin, MO
Joplin Area Chamber of Commerce, Joplin, MO
Midcon Cables Company, Joplin, MO
EnPower Staffing LLC, Kansas City, MO Pin
nacle Career Institute, Kansas City, MO
Neosho Missouri Chamber Of Commerce, Neosho, MO
Wind Capital Group, St. Louis, MO
Affinity Wind LLC, St. Louis, MO
A-T Ranch LLC, Belt, MT
High Plains Architects, Billings, MT
Northern Plains Resource Council, Billings, MT
NS2 Energy North America LLC, Billings, MT Wi
nd Chasers LLC, Bozeman, MT
Capital Communications, Helena, MT
Montana Environmental Information Center, Helena, MT
Kent Watson & Associates, Missoula, MT
Montana Renewable Energy Association, Missoula, MT
Windmaker Energy LLC, Whitefish, MT
AKG of America, Inc., Mebane, NC Wiela
nd Electric, Inc., Burgaw, NC Comer Indus
tries, Inc., Charlotte, NC Duke Energy Ren
ewables, Charlotte, NC Nucor Steel, Char
lotte, NC
Baltek, Inc., Colfax, NC
ABB, Inc., Raleigh, NC
Wind Energy Supply, Inc., Shelby, NC
North Dakota Alliance for Renewable Energy, Bismarck, ND
DMI Industries, Fargo, ND
Otter Tail Corporation, Fargo, ND EA
PC Wind Energy, Grand Forks, ND
Wind Marketing Alliance, West Fargo, ND
NorthStar Wind LLC, Blair, NE
Center for Rural Affairs, Lyons, NE

Sprague Energy Corporation Portsmouth NH
Power Communications Cliffside Park NJ
Doosan Heavy Industries America Corporation, Fort Lee, NJ
Pioneer Power Solutions, Inc., Fort Lee NJ
Ports America Iselin NJ
Merrick & Company Mahwah NJ An
dantex USA, Inc. Wanamassa NJ
E&M International, Inc. Albuquerque NM
Farmers' Electric Cooperative, Inc. of New Mexico Clovis NM
Acoustic Ecology Institute Santa Fe NM
Dongkuk S&C Las Vegas NV
Nevada Wilderness Project Las Vegas NV Allian
ce for Clean Energy New York Albany NY AWS T
ruepower LLC Albany NY
CG Holdings USA, Inc. Albany NY
Integrated Environmental Data LLC Berne NY
OwnEnergy, Inc. Brooklyn NY
Eastman Machine Buffalo NY
Renewable Energy Long Island East Hampton NY
Riverview Consulting, Inc. Irvington NY
Laufer Wind Group New York NY Nation
al Audubon Society New York NY
Natural Resources Defense Council New York NY
Terra-Gen Power LLC New York NY
Ioxus, Inc. Oneonta NY
Sustainable Energy Development, Inc. Ontario NY
Miller Marine Services, Inc. Port Jefferson NY Fishe
r Associates, P.E., L.S., P.C. Rochester NY
Natural Power Consultants Ltd., Saratoga Springs, NY
Global Capital Finance Americas LLC White Plains NY
Molded Fiber Glass Companies Ashtabula OH
Precision Machined Products Association Brecksville OH
McSwain Manufacturing Corporation Cincinnati OH GLW
N, Global WIND Network Cleveland OH
LEEDCo Cleveland OH
National Tooling & Machining Association Independence OH
Precision Metalforming Association Independence OH
Ferro Corporation Mayfield Heights OH We
bCore Technologies LLC Miamisburg OH
Kalt Manufacturing Company North Ridgeville OH
PT Tech, Inc. Sharon Center OH
Pepperl+Fuchs, Inc. Twinsburg OH IMD
S Energy Systems Youngstown OH
OGE Energy Corporation Oklahoma City OK
E6USA LLC Tulsa OK
Citizens' Utility Board of Oregon Portland OR
Diane Henkels, Attorney at Law Portland OR E
lement Power US LLC Portland OR

Equilibrium Equipment Finance, Portland, OR
Iberdrola Renewables, Portland, OR
Oregon Interfaith Power and Light, Portland, OR
Pacific Power, Portland, OR
Portland Development Commission, Portland, OR
Portland General Electric, Portland, OR
Renewable Northwest Project, Portland, OR
Vestas-American Wind Technology, Inc., Portland, OR
HYDAC International, Bethlehem, PA
Home wind.net, Center Valley, PA
PPG Industries, Inc., Cheswick, PA
US Wind Force LLC, Greensburg, PA
Phoenix Contact, Inc., Harrisburg, PA
Gamesa Wind US, Langhorne, PA
SKF USA, Lansdale, PA
Mid-Atlantic Renewable Energy Coalition, Philadelphia, PA
PennFuture, Philadelphia, PA
Simkar LLC, Philadelphia, PA
EverPower Wind Holdings, Inc., Pittsburgh, PA
ESAB Welding & Cutting, Florence, SC
Schaeffler Group USA, Inc., Fort Mill, SC
Iljin America, Greer, SC
Dakota Plains Energy, Aberdeen, SD
ReNew Energy Maintenance LLC, Sioux Falls, SD
SIAG Aerisyn, Chattanooga, TN
Flash Technology, Franklin, TN
Class 4 Winds, Inc., Amarillo, TX
The Wind Coalition, Austin, TX
Barr Fabrication/Field Services LLC, Brownwood, TX
Infigen Energy, Dallas, TX
Trinity Structural Towers, Inc., Dallas, TX
Trinity Utility Structures LLC, Dallas, TX
DIAB Sales, Inc., DeSoto, TX
Dumas Economic Development Corporation, Dumas, TX
Higher Power Energy, Flower Mound, TX
Port Freeport, Freeport, TX
Clean Line Energy Partners, Houston, TX
EDP Renewables North America LLC, Houston, TX
Iv-AGA LLC, Houston, TX
Samsung Heavy Industries Company, Ltd., Houston, TX
Strathmore Products, Inc., Longview, TX
Lotus Creative Innovations, Lubbock, TX
Ports to Plains Alliance, Lubbock, TX
RD Energy Group LLC, Lubbock, TX
Sustainable Energy Strategies, Inc., Lubbock, TX
Tri Global Energy LLC, Lubbock, TX
EI-ETS, Mesquite, TX
Odessa Industrial Development Corporation, Odessa, TX

Dan Dear Trucking, Palestine, TX
ES Group, Inc., Porter, TX
The High Ground of Texas, Stratford, TX
Sweetwater Enterprise for Economic Development, Sweetwater, TX
Texas Wind Energy Clearinghouse, Sweetwater, TX
Texas Farm Bureau, Waco, TX
Petzl America, Clearfield, UT
Park City Mountain Resort, Park City, UT
Park City Municipal Corporation, Park City, UT
Wasatch Wind, Park City, UT
Rocky Mountain Power, Salt Lake City, UT
Salt Lake County, Salt Lake City, UT Uniship
pers of Montana, Salt Lake City, UT Utah Cle
an Energy, Salt Lake City, UT
Utah Interfaith Power & Light, Salt Lake City, UT
Wild Utah Project, Salt Lake City, UT
REDCO, South Jordan, UT
National Association of State Energy Officials, Alexandria, VA
The Stella Group, Ltd, Arlington, VA
TMO Global Logistics LLC, Charlottesville, VA Specializ
ed Carriers & Rigging Association, Fairfax, VA National
Wildlife Federation, Reston, VA
Alstom, Richmond, VA
M-K Associates, Warrenton, VA
Burlington Electric Department, Burlington, VT
NRG Systems, Inc., Hinesburg, VT
Aegis Wind, Waitsfield, VT
Global Fiberglass Solutions, Inc., Bellevue, WA
Natural Choice Directory, Bellevue, WA
Otten Adcock, Bellevue, WA
Chinook Wind, Everson, WA
3TIER, Seattle, WA
DNV, Seattle, WA
Montana Business Leaders for Clean Energy, Seattle, WA
Power Climber Wind, Seattle, WA
Transgroup Worldwide Logistics, Seattle, WA
Avista Corporation, Spokane, WA
Northwest Renewable Energy Institute, Vancouver, WA
Renew Wisconsin, Madison, WI
WES Engineering, Inc., Madison, WI
Magnetek, Menomonee Falls, WI
Association of Equipment Manufacturers, Milwaukee, WI I
ngeteam, Inc., Milwaukee, WI
Milwaukee 7, Milwaukee, WI
Renewegy LLC, Oshkosh, WI
Wausaukee Composites, Inc., Wausaukee, WI
KB Energy LLC, Arlington, WY
Energy Transportation, Casper, WY

Written Comments for the Record: Hearing on Certain Expiring Tax Provisions

House Ways and Means Subcommittee on Select Revenue Measures

April 26, 2012

Comments submitted by:

Denise Bode
CEO
American Wind Energy Association
1501 M Street NW, Washington, DC 20005
202.383.2500
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The American Wind Energy Association (AWEA), on behalf of its over 2,400 member companies, urges the U.S. Congress to extend the wind energy production tax credit (PTC) as quickly as possible. AWEA represents 75,000 employees in the American wind industry: from project developers, to transportation and construction workers, to the manufacturers of each of the 8,000 component parts of a wind turbine. With the PTC being consistently available over the past five years, this industry has attracted average annual private investments in the US of over $15 billion, and up to $20 billion in a single year. Without the certainty of this business incentive beyond this year, however, half of these jobs and two-thirds of these investment dollars are at risk. Job losses have already begun, and will accelerate each month as the PTC nears the expiration deadline. The American wind industry needs policy certainty in order to continue to generate this level of economic growth. We urge the Ways and Means Committee to take up the PTC extension right away.

The PTC has been the most effective policy to attract private capital and deploy wind technology in the US. In the past five years, while the PTC has been continuously available, 35,640 megawatts (MW) – 76% of total US wind power – have been constructed. This growth has been complemented by technology advancements, with wind turbines now generating 30% more electricity per turbine today than five years ago, all while driving down costs. The PTC has fostered an American wind fleet that powers the equivalent of over 12 million homes and employs tens of thousands of people in good-paying jobs across the country.

Homegrown American wind power is also diversifying the American electricity portfolio and strengthening the American economy. Fostered by the PTC, wind power's costs have come down dramatically, making it an increasingly attractive source of affordable electric generation. Overall, wind energy has accounted for 35% of all new electric generating capacity in the last five years, just behind natural gas. Wind power now provides nearly 3% of America's electricity overall, with thirteen states getting more than 5% of their electricity from wind, and five states getting more than 10%.

The federal PTC has also helped protect ratepayers from fuel price volatility When utility Xcel Energy secured a wind power purchase in 2011, the Colorado Utilities Commission, in approving the contract, stal ed that "the contract will save ratepayers $100 million on a net-present-value basis over its

25-year term under a base

-case natural gas price scenario" while providing the opportunity to "lock in" a price for 25 years. A PTC ex tension would enable the industry to finish the job of bringing down wind power's costs, and secure long -term electric cost savings for consumers, like this recent contract has done for the people of Colorado.

In terms of driving further economic strength, PTC policy certainty has fostered an expansion of the U S manufacturing sector. Seeing the value that the US government was placing on the wind industry, manu facturing companies set up shops in the US, or retooled their American facilities, to build turbine compone nts. Domestic manufacturing has now grown from 25% to 60% of a turbine's value. Today, a workforce of 30,000 people manufactures wind turbine components at nearly 500 factories across 44 states. Producing components domestically reduces logistics costs, enabling reductions in turbine costs.

In addition to the PTC, 29 states have enacted renewable energy standards. In combination, these two policies have driven the industry's growth. For companies considering investments in the U.S., a fed eral PTC in addition to existing state standards is critical to providing them with the confidence to make t hese multi-million dollar capital investments.

The pending expiration of the PTC puts all of the progress that the U.S. wind industry has made at r isk, and American jobs and manufacturing facilities in jeopardy On an industry -wide scale, Navigant Consulting estimates that the US wind industry would lose 37,000 jobs and over $ 10 billion of private investment if the PTC is not extended.[1] Wind energy project development entails an 18-month process, as shown in Exhibit A. Policy certainty over the course of that time period allows projects to move forward efficiently. With the pending expiration of the PTC, an increasing number of jobs will be lost over the course of the year, as illustrated in Exhibit B.

The wind industry has already begun job layoffs. Due to policy uncertainty, developers are not planning projects beyond 2012 and have begun to lay off field staff. Now, during the second quarter, the manufacturing supply chain is beginning to suffer. Component manufacturers are beginning to complete their 2012 shipments to wind turbine manufacturers, and they have received virtually no orders for 2013 projects. Without new orders to fill, they will be forced to downsize their work force. This trend will spread to turbine manufacturers in the third quarter. As developers are under tremendous pressure to complete construction of their projects and connect them to the grid by December 31st, in order to be eligible to earn the PTC, turbine manufacturers must complete and ship their turbines in the third quarter. Again, if manufacturers have not received new orders by the time they complete this year's turbines, they will be forced to lay off employees. In the fourth quarter of this year, 95% of existing turbine orders will have been delivered, and manufacturing jobs will continue to drop off rapidly. Construction jobs will be maintained through the end of the year, in order to meet that December 31st deadline, but beginning in early 2013, these jobs too will be lost. Navigant's study estimates that this chain of job losses will total 37,000 by the year's end. Alternatively, an extension of the PTC would give developers the certainty to create new US projects, place turbine orders, and put manufacturers back to work.

The wind industry is on track to contribute 20% of America's electricity supply by 2030, and support a corresponding 500,000 American jobs, as the US Department of Energy found to be achievable under

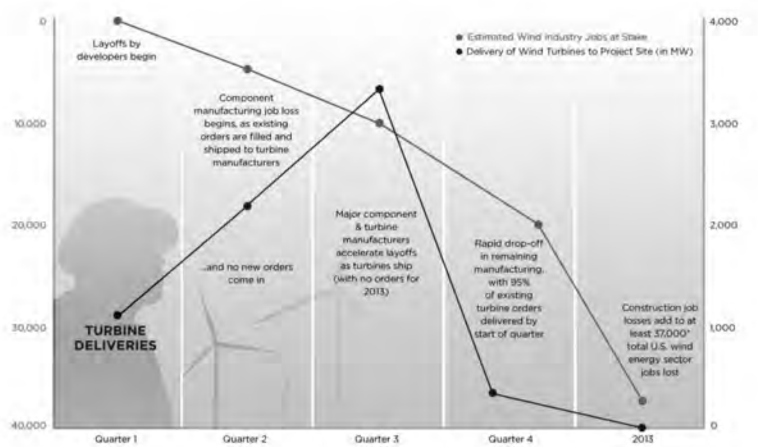
[1] Navigant Consulting. *Impact of the Production Tax Credit on the US Wind Market*. December 2011.

former President George W. Bush's Administration.[2] The main hindrance to this level of growth, however, is inconsistent federal policy. The wind industry urges Congress to continue to drive energy diversity, economic growth, and domestic manufacturing by taking swift action to extend the PTC.

[2] US Department of Energy. *20% Wind Energy by 2030: Increasing Wind Energy's Contribution to U.S. Electricity Supply*. May 2008.

Exhibit A: Typical U.S. Wind Projects Require 18 Months of Policy Certainty

Exhibit B: Projected Job Losses in U.S. Wind Industry as PTC Expires



Written Comments for the Record: Hearing on Certain Expiring Tax Provisions

House Ways and Means Subcommittee on Select Revenue Measures

April 26, 2012

The Honorable Carl Levin
United States Senate
Washington, DC 20510

The Honorable Debbie Stabenow
United States Senate Washington
DC 20510

The Honorable Justin Amash
U.S. House of Representatives
Washington, DC 20515

The Honorable Dan Benishek
U.S. House of Representatives
Washington, DC 20515

The Honorable Dave Camp U.S.
House of Representatives
Washington, DC 20515

The Honorable Hansen Clarke
U.S. House of Representatives
Washington, DC 20515

The Honorable John Conyers
U.S. House of Representatives
Washington, DC 20515

The Honorable John Dingell
U.S. House of Representatives
Washington, DC 20515

The Honorable Bill Huizenga
U.S. House of Representatives
Washington, DC 20515

The Honorable Dale Kildee
U.S. House of Representatives
Washington, DC 20515

The Honorable Sander Levin
U.S. House of Representatives
Washington, DC 20515

The Honorable Thaddeus McCotter
U.S. House of Representatives
Washington, DC 20515

The Honorable Candice Miller
U.S. House of Representatives
Washington, DC 20515

The Honorable Gary Peters
U.S. House of Representatives
Washington, DC 20515

The Honorable Mike Rogers
U.S. House of Representatives
Washington, DC 20515

The Honorable Fred Upton
U.S. House of Representatives
Washington, DC 20515

The Honorable Tim Walberg
U.S. House of Representatives
Washington, DC 20515

Dear Senator Levin, Senator Stabenow, Congressman Amash, Congressman Benishek, Congressman Camp, Congressman Clarke, Congressman Conyers, Congressman Dingell, Congressman Huizenga, Congressman Kildee, Congressman Levin, Congressman McCotter, Congresswoman Miller, Congressman Peters, Congressman Rogers, Congressman Upton and Congressman Walberg:

Thank you all for your service to Michigan. We are writing you today to encourage you to stand up for clean affordable electricity, economic development and Michigan jobs by passing a four-year extension of the renewable energy production tax credit (PTC) as soon as possible. It is extremely urgent that the PTC is extended immediately to avoid a massive tax increase on wind energy. Right now, investment in wind energy has already begun to stall and will continue to do so if no action is taken. This will place many Michigan jobs at risk until legislation to extend the PTC is passed.

The federal PTC is a very effective tool to not only keep electricity rates low, but also promote development of clean energy projects. Clean energy must play an important role in our nation's long-term supply of electricity and doing so will not only protect our environment, but also our national security. With the PTC, the wind energy industry has made significant contributions to U.S. energy security and economic development. Since 2005, wind energy has sparked more than $60 billion of investment. American wind turbine manufacturing has grown more than 12-fold—60% of a wind turbine's value is now produced here in America. Before 2005, that number was only 25%. The PTC has played a huge role in lowering cost and support the U.S. economy in the process. On top of that, overall costs for the wind energy industry have been reduced by more than 90% since 1980. All of these developments have led to wind energy providing 35% of all new power capacity in America.

Michigan plays an important role in this development. Our rich manufacturing heritage has created many opportunities for the wind energy industry in our state, with even more opportunities for the future. For the past 10 years, our state has made headlines for all the wrong reasons—recessions, lost jobs, and economic hardship—but the wind energy industry has helped change that landscape. In 2010, 4,000 Michigan jobs were supported by the wind energy industry. These are skilled, high quality positions that are good for Michigan workers and our communities and are transforming our economy. Michigan is already considered a manufacturing powerhouse for wind energy and this growth is expected to continue far into the future. New wind energy projects are already flocking to Michigan to invest in our talented workforce, businesses, and our valuable wind resources.

However, the federal PTC will play an important part for Michigan's future as a leader for the wind energy industry. Despite its very clear success, the PTC has been allowed to expire frequently and is slated to do so again at the end of 2012. This creates a great deal of uncertainty for an industry that has invested so much in Michigan communities. There is plenty at stake for Michigan should the PTC be allowed to expire and our state cannot afford to lose any more jobs and investments. Too many of our friends and neighbors have felt that hardship the past decade. The PTC should be extended for at least another four years so workers in our state and across the country can use their skills to produce clean domestic energy.

The next few years are crucial to ensure that properly sited wind energy remains a viable component of a balanced domestic energy portfolio. We look forward to working with you to continue creating economic opportunities for Michigan communities through clean, affordable, and homegrown energy. Please speak loudly in support of PTC so Michigan's voice is heard in Washington.

Sincerely,

Astraeus Wind Energy	Eaton Rapids, MI
EDP Renewables	District 8 Developer, MI
Danotek Motion Technologies	Canton, MI
Dowding Industries, Inc.	Eaton Rapids, MI
Fabory North America	Byron Center, MI
Gratiot County Wind LLC	Breckenridge, MI
Heritage Sustainable Energy	Traverse City, MI
International Paint	Petersburg, MI
Invenergy Wind Development	Breckenridge, MI
ITC Holdings	Novi, MI
Loc Performance Products, Inc.	Plymouth, MI
Mona Lake Investment Co. LLC	Muskegon, MI
Orisol Energy US, Inc.	Ann Arbor, MI
RES Americas	Pigeon, MI
Shepherd Advisors	Ann Arbor, MI
SKF USA	Plymouth, MI
Steel Craft Technologies	Belmont, MI

Comments submitted by:

Brad Lystra
Manager of State Campaigns
American Wind Energy Association
1501 M Street NW, Washington, DC 20005
202.383.2500
blystra@awea.org

Statement of Amy Lindner and Michael Failing

Re: Hearing on Certain Expiring Tax Provisions

Title of Hearing – "Hearing on Certain Expiring Tax Provisions"

Dear Subcommittee Members,

We are writing to ask that you move towards ending the Production Tax Credit for industrial wind turbines. The wind energy industry has grown substantially since the production tax credit was adopted in 1992, and yet wind produces only about 2.3 percent of our electricity nationwide.

Taxpayers have subsidized wind energy for 20 years now. We have funded the industry with many tens of billions of dollars ($14 billion last year) via the production tax credit, the investment tax credit, and other tax and regulatory provisions, as well as loan guarantees and outright grants. This funding was intended to get a new technology up and running.

Wind energy is considered at this time to be a "mature technology" and if it is truly economically viable it should be able to hold its own in the marketplace without special tax treatment.

The direct cost of the subsidy to taxpayers, as reported by the congressional Joint Committee on Taxation, would be $6.8 billion from 2011 to 2015 for new projects implemented by the end of this year. This figure needlessly adds to America's debt. And projects begun in response to an extension of the tax credit in the next year would only increase that number.

After 20 years of taxpayer support, the wind industry cannot show any meaningful benefit concerning production of "green" energy or the elimination of older "dirty" power plants. However, wind development has produced negative long-term results: rural communities left divided, landscapes degraded, bird and bat populations threatened, and already dwindling natural habitats destroyed.

The least politicized approach would be to eliminate *all* government subsidies and tax credits on production of *all* primary sources of energy. That would give all methods of energy production an even chance to compete in the market based on their true efficiency and costs.

The purpose of the tax code should be to raise revenue for the legitimate functions of the federal government. It is not appropriate to use it to tip the scales toward favored technologies.

Sincerely,

Amy Lindner
Michael Failing
2128 Bonney Rd.
Hamilton, NY 13346
315-824-4569
thefailings@msn.com

Statement of Ann Summer

I, Ann Summer (retired school social worker from Princeton, New Jersey) respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible. As a result of the PTC, billions of dollars of private investment have been made in wind power, creating jobs and generating revenue during the recession. At this time of high gasoline prices, it is a travesty not to show a commitment to alternative forms of energy. Moreover, we need to wean this country of its dependence on fossil fuels so as to free ourselves from dependence on the undependable Middle East for our energy sources. Wind power may not be THE answer, but every step we take is a step toward energy independence and a cleaner environment. The sooner we encourage more investment in alternative energy sources, the greater will be the opportunities for developing more viable, economical alternatives. I urge the committee to take up an extension of the wind energy production tax credit right away.

Respectfully,
Ann Summer

Statement of Anna Derengowski

Anna Derengowski
2215 Haskell Street
Austin, TX 78702
765.914.1470
annaderengowski@gmail.com

Hearing on Certain Expiring Tax Provisions

I, Anna Derengowski, a Computer Network Assistant in Austin, TX, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Wind energy is absolutely important in harnessing more sustainable energy for our communities and reducing our dependence on fossil fuels which pollute our planet.

Currently, there is battery cell technology being developed by Donald Sadoway at the Liquid Metals Battery Corporation that allow the storage of wind energy. This would mean that wind energy could contribute to the grid in a powerful way, much like coal, gas and nuclear energy do today.

The development of the wind power industry as well as the batteries which would make them capable of powering large, industrial plants would provide our country with employment resources.

Investment in wind power would ultimately reduce our conflict between countries where oil rights are the main source of conflict.

We desperately need to focus our efforts on improving and promoting the use of wind energy now, while we have the resources. If we wait too long, it may very well be too late. Additionally, our country is missing an opportunity to gain an economic edge on other developed countries which are currently embracing alterative energies.

I urge the committee to take up an extension of the wind energy production tax credit immediately.

Statement of Anthony Kerrigan

May 1, 2012

Anthony Kerrigan
600 W County Line Rd, #6-201
Highlands Ranch, CO 80129

970-903-8967
kerrigan_anthony@yahoo.com

Dear Members of the Committee:

Please consider extending the Production Tax Credit beyond its scheduled expiration at the end of this y ear. In my state alone hundreds, if not more, jobs in the wind energy industry will be directly jeopardize d without the PTC extension The economy is coming back. Please don't slow down the economic reco very.

If you care about jobs and the families who rely on them, if you care about energy independence and a vailing ourselves of every possible source, if you care about investing in the future of our country and th e environment, then please extend the PTC. Don't let politics interfere with what is right.

Thank You, Antho
ny Kerrigan

Anchorage Office • 3900 C Street Suite 801 • Anchorage Alaska 99503-5963 • 907.339.6000 • FAX 907.339.6028 • 1.800.770.2772

arctic slope regional corporation

SUBMISSION OF WRITTEN COMMENTS FOR THE HEARING RECORD
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SELECT REVENUE MEASURES

HEARING ON CERTAIN EXPIRING TAX CREDITS

APRIL 26, 2012

Mr. Chairman, Ranking Member Neal and distinguished Members of the Committee:

The Arctic Slope Regional Corporation (ASRC) is pleased to submit written comments for the record in connection with the April 26, 2012 hearing of the Committee on Ways and Means Subcommittee on Select Revenue Measures on the important topic of expiring tax provisions.

ASRC is an Iñupiat-owned Alaska Native regional corporation, formed pursuant to the Alaska Native Claims Settlement Act, 43 U.S.C. §1601, et seq. (ANCSA), that represents the interests of the Iñupiat Eskimos of the Arctic Slope. ASRC's congressionally-mandated mission is to invest in its land base and business interests to provide for the well-being of our Iñupiat Eskimo shareholders. ASRC owns approximately five million acres of land on the North Slope, including both surface and subsurface estate.

Relevant to these comments, ASRC owns and operates Petro Star Inc., one of three refining companies in Alaska, and the only Alaskan-owned, and small business refiner in the state. Petro Star has two refining facilities, one in North Pole and the other in Valdez, Alaska. In addition to jet and heating fuels, the Valdez location also produces ultra-low sulfur diesel fuel (ULSD) for the Alaska market as well as for U.S. DOD and USCG facilities in the state. This refinery is one of two producers of ULSD in Alaska which together can satisfy statewide demand for these products.

CURRENT LAW

EPA mandated that all refiners reduce the sulfur content of both motor vehicle and off road diesel fuels to 15 ppm. The final deadline for complying with the ultra-low sulfur diesel (ULSD) rules was June 1, 2007 for large refineries across the country. However, Small Business Refiners (SBR), including Petro Star, were given until June 1, 2010 to fully comply with these ULSD standards.

ULSD fuel enables the use of cleaner technology diesel engines and vehicles, resulting in significantly improved air quality, according to the Clean Diesel Fuel Alliance. Annual emission reductions will be equivalent to removing the pollution from more than 90 percent of today's trucks and buses. Tests completed by EPA and others show that using the advanced emissions control devices enabled by the use of ULSD fuel reduces emissions of hydrocarbons and nitrogen oxides (precursors of ozone), as well as particulate matter, to near-zero levels.

Corporate Headquarters • PO Box 129 • Barrow, Alaska 99723-0129 • 907.852.8533 or 907.852.8633 • FAX 907.852.5733

EPA studies conclude that ozone and particulate matter cause a range of health problems, including those related to breathing, with children and the elderly among those most at risk. EPA estimates that there are significant health benefits associated with this program.

Another environmental benefit is that ULSD fuel enables diesel-powered passenger cars and light trucks to meet the same stringent emissions standards as gasoline vehicles. Diesel-powered vehicles also tend to be more fuel-efficient than gasoline-powered vehicles.

While in the process of taking the necessary steps to comply with the EPA mandate, in December 2008, Petro Star's Valdez Refinery experienced a fire, causing significant damage to the process unit. Reconstruction of the damaged units was complicated by Valdez' severe winter weather conditions and remoteness, as well as long delivery times for specialized equipment items. Moreover, while reconstruction was proceeding, Petro Star was simultaneously working to design and install the process units necessary to produce ULSD. Running parallel engineering and construction projects of this magnitude represented a huge undertaking for Petro Star and undoubtedly helped delay completion of its new ULSD facilities until November 2010.

The costs associated with retrofitting Petro Star's Valdez refinery to produce ULSD ultimately reached $160 million, confirming EPA's stated view that these modifications constituted "a significant and disproportionate financial hardship" for the nation's small refiners. To help SBR's overcome the financial burden associated with the EPA ULSD mandate, Congress included two tax provisions in the Energy Policy Act of 2003 to allow SBR's to recover up to 25% of the ULSD capital costs through a 5-cent per ULSD gallon tax credit, while also providing for accelerated depreciation of the remaining capital expenditures. Sections 45H and 179B, as they are respectively known, passed with strong bipartisan support and, thanks to them, many SBR's were able to justify the expense of the mandatory EPA retrofit. These same small refiners – a dying breed due to poor economies of scale and the disproportionate impact of government regulations - are of vital economic importance to rural communities throughout this country and provide fuel to many areas that have no other viable options. These facilities support hundreds of direct and indirect jobs while providing clean fuel critical for transportation, electricity, and heating.

Unfortunately, construction delays attributable to the Valdez fire and the puzzling mismatch between the SBR compliance deadline and the sunset date of 45H and 179B (June 1, 2010 and December 31, 2009 respectively) meant that much of Petro Star's otherwise qualifying ULSD capital costs were excluded from contributing the essential tax benefits that Congress intended.

PROPOSAL

Extend sections 179B and 45H for two years, effective January 1, 2010.

REASON FOR CHANGE

Extending the section 45H and 179B tax provisions will allow Petro Star (ASRC) and any other similarly positioned SBR meeting the EPA requirements to still capture the tax benefits Congress intended to partially offset the enormous capital costs and financial burden of compliance. Extension of 45(H), which by statute as written will also extend 179B, will help to ensure that SBR's that stepped up and complied with the federal environmental mandate will not suffer enduring financial harm which could further jeopardize the long term viability of these vital suppliers of diesel fuels to rural and remote areas.

Thank you for your time and consideration of this very important matter.

Sincerely,
ARCTIC SLOPE REGIONAL CORPORATION

TSweeney

Tara M. Sweeney
Senior Vice President
External Affairs
tsweeney@asrc.com

Statement of Arion Energy

Dear Sirs

April 24, 2012

From Carl Clifton
Agricultural Coordinator
Arion Energy
8400 Eat Crescent parkway, Suite 600
Greenwood Village Colorado 80111
W-720-528-4369
M-720-346-1213

I Carl E. Clifton Agricultural Coordinator for Arion Energy, respectfully urge Congress to extend the wind energy tax credit (PTC) as quickly as possible.

The PTC, support thousands of jobs in our state and tens of thousands around the country. Orders must be made months in advance for turbines and support material. Without the passage of an extension of the PTC soon, it will become impossible to make plans for next years. Thousands of people will be laid off. It will take the industry years to get back to where we are now. This will affect manufacturing jobs, construction jobs, engineering jobs, trucking jobs, rail jobs, maintenance jobs to mention just a few. We have worked hard to promote education for our industry, tens of thousand of Americans are in college right now studying to build and maintain American wind farms. Without an immediate passage of the PTC extension there will be no jobs when they graduate.

The passage of the PTC effect American citizens from all walks of life. Clean American wind energy has been a God Send for farmers all over the Midwest. It allows them a revenue stream they had not known in the past. The payments they receive are helping keep a new generations on the land. Millions of acres are under lease in the Midwest and West. Without quick passage of an extension of the PTC, developer will be forced to cancel the leases and quit making payment to farmers.

The loss of jobs in our cities and revenue to our farmers could not come at a worse time for our country. A decision to move quickly will avert a disaster in this great American industry. The total job loss country wide is conservatively estimated to reach 45,000. The loss of investment from the USA and abroad will be counted in the billions. Loss of revenue to our struggling family farms in the hundreds of millions.

Now is the time to step forward and show your support for American energy, for American jobs, for American business, for the American farmer.

We are a small American business, working hard everyday to make a profit and a difference. Please extend the PTC and give us and tens of thousands of hard working Americans a chance to succeed.

Sincerely Yours:

Carl E. Clifton.

Associated Builders and Contractors, Inc.

April 26, 2012

The Honorable Patrick Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
1136 Longworth House Office Building
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member
Subcommittee on Select Revenue Measures
Committee on Ways and Means
1139E Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Tiberi and Ranking Member Neal:

On behalf of Associated Builders and Contractors (ABC), a national association with 74 chapters representing 22,000 merit shop construction and construction-related firms, I am writing in regard to the Select Revenue Measures Subcommittee hearing on certain expiring and recently expired tax provisions. While ABC supports the extension of various expenditures, we believe comprehensive tax reform is necessary to end the annual extenders charade while lending certainty and stability to the small business community. With such reform in mind, the following provisions deserve consideration for permanent extension.

Businesses were able to write off 100 percent of the cost of purchases of new equipment placed in service during 2011, while a 50 percent first-year depreciation allowance applies through 2012. In a capital-intensive business such as construction, this accelerated depreciation creates an extraordinary incentive to invest in big ticket items that would otherwise be cost prohibitive amid the economic adversity of the past few years. Similarly, the increased ability to write off certain property under Section 179 expensing rules strongly encourages this sort of equipment spending. Both deductions should be made permanent to promote steady capital investment.

ABC also supports the deduction of state and local sales taxes; the 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements (which we also believe should be expanded to include new restaurant construction); the abbreviated five-year built-in gain holding period for S Corporations; and the R&D tax credit.

Sound tax policy is necessary not only for a growing economy, but also for a solvent federal budget. The perpetual extension of temporary tax relief is neither an economically effective nor fiscally prudent approach. Instead of annual "fixes," Congress must determine which expenditures merit permanent extension, while allowing those provisions deemed unworthy to expire.

Sincerely,

Liam P. Donovan

Liam P. Donovan
Director, Legislative Affairs

4250 North Fairfax Drive, 9th Floor • Arlington, VA 22203 • 703.812.2000 • www.abc.org

House Committee on Ways and Means

April 26, 2012

Hearing on Certain Expiring Tax Provisions

Written Comments and

Statement for the Record

of the

Association of Fundraising Professionals (AFP)
4300 Wilson Blvd., Suite 300
Arlington, VA 22203
703-684-0410
1-800-666-3863
www.afpnet.org

April 26, 2012

Ways and Means Committee Office
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Comments for the House Committee on Ways and Means' Hearing on Certain Expiring Tax Provisions

On behalf of the Association of Fundraising Professionals (AFP), I am pleased to provide a written statement regarding expiring tax provisions, particularly the IRA Rollover provision that creates a unique charitable giving incentive. AFP represents the individuals responsible for generating philanthropic funds, so we have a unique understanding of the impact of charitable giving and giving incentives.

We hope our thoughts and perspective will prove helpful to the House Committee on Ways and Means as it continues to review expired tax provisions such as the IRA Rollover provision.

Organizational Background

AFP is the largest nonprofit association in the U.S. that represents fundraisers in all 50 states. Fundraising serves as the engine that drives the charitable sector by developing and maintaining relationships with donors and philanthropists who provide the necessary funding for education, social services, healthcare, medical research and the many other altruistic functions provided by the sector.

Fundraising complements governmental support for charities and ensures the survival of the charitable sector when state, local and federal governments lack the budgetary means to help. AFP fosters development and growth of fundraising professionals through training and education and promotes high ethical standards in the fundraising profession.

Reenact the IRA Rollover Provision

We urge Congress to enhance charitable giving by reenacting the IRA Charitable Rollover provision, which expired at the end of 2011. This provision allows donors age 70½ and older to exclude from their taxable income any IRA funds up to $100,000 that have been withdrawn and transferred to a charity when filing a tax return. The provision was originally enacted as part of the Pension Protection Act of 2006 and was extended through Dec. 31, 2011.

Tax incentives such as the IRA Charitable Rollover provision play a vital role in encouraging donors to make gifts, especially as the contribution amounts become larger. The rollover provision is a powerful and unique way that donors can support charitable causes in their communities.

Private donations help leverage the impact of government investments and allow charities to provide the programs and services that do much to augment the work of the government. In that sense, the IRA Rollover provision reduces the burden on the government to help those less fortunate, and the proceeds of the donations both increase the purchase of goods such as food and equipment and help many of our citizens regain their footing (emotionally, professionally and financially), all of which spurs economic prosperity and sparks the growth of taxable revenue.

Many individuals have more than sufficient funds to retire comfortably. In addition, individuals are encouraged under the current tax laws to liquidate their IRAs during their lifetime since their estates will face confiscatory tax rates of up to 80 percent if their IRA funds are left to a dependent or family member (other than their spouse). Any amounts left in an IRA when an individual dies may be taxed as income to the beneficiary and are also considered assets for the purposes of calculating that individual's estate tax liability.

It is estimated that there is more than $3 trillion in retirement funds such as IRAs. Even if only a small percentage of these funds were donated to charitable purposes, it could add millions of dollars to support the vital work that nonprofit organizations do in communities across America. In fact, these contributions support programs for those less financially well-off through important services, such as those provided by health, education, social service and cultural organizations.

The IRA Charitable Rollover has worked very successfully over the last few years, but it would be far more effective if it were made permanent. Because donors are unable to count on the IRA Rollover being in effect every year, they rarely plan ahead to set aside funds to utilize the provision. Similarly, charities and financial planners cannot counsel donors about the IRA Rollover provision given the almost annual uncertainty surrounding it. We believe that the provision's impact could reach billions of dollars annually if it were made permanent or at least extended much longer than one or two years.

Making the IRA Rollover provision permanent simplifies the tax code. During a Senate Finance Committee hearing on March 30, 2011, titled "How Do Complexity, Uncertainty and Other Factors Impact Responses to Tax Incentives?," hearing panelist Robert Carroll, Former Deputy Assistant Secretary for Tax Analysis, U.S. Department of the Treasury, stated the following:

> There are also a large number of provisions – expiring provisions – often extended a year at a time. In principle, the periodic extension of expiring provisions provides Congress an opportunity to reconsider and reevaluate their effectiveness, but the lack of their permanence may undermine the ability of taxpayers to rely upon and base decisions on the benefits they provide. Moreover, expiring provisions are no longer limited to several dozen business tax provisions, but now also include the alternative minimum tax (AMT) patch and the 2001 and 2003 tax cuts. The result is a tax system where large portions of the Code are in effect temporary.

During his oral testimony, Dr. Carroll noted that these temporary provisions within the tax system, provisions that are constantly expiring and subsequently extended, add to the complexity of the tax system, which increases the bureaucratic burden on taxpayers and the federal government.

By making the IRA Rollover provision permanent, you would simplify the tax code and reduce the need for the federal government's services for those less fortunate while exponentially enhancing charitable giving.

We look forward to working with you and your staff on this issue and on any other issues affecting the charitable sector.

Sincerely,

Andrew Watt, FInstF
President & CEO
Association of Fundraising Professionals
AWatt@afpnet.org

AWS Truepower
Where science delivers performance.

May 10, 2012

RE: Hearing on Certain Expiring Tax Provisions

Dear Chairman Tiberi and Distinguished Members of the Committee:

AWS Truepower is an international leader in renewable energy project consulting headquartered in Albany, NY. Our firm of highly-skilled meteorologists, engineers, environmental specialists, and business professionals provide solutions to support project development, investment and finance, plant performance, energy forecasting, and public policy and planning for land-based and offshore wind energy projects.

On behalf of our company I urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible. Your immediate action will ensure ongoing growth and sustained investment in the wind industry while creating good jobs for Americans.

The PTC has been instrumental to the monumental growth of the wind industry over the last decade, enabling developers to secure private financing and bring projects to completion. The United States now boasts 47 gigawatts of wind energy, 75,000 jobs, 500 manufacturing facilities, and over $15 billion of annual investment, according to the American Wind Energy Association. Like other companies, our firm has grown with the industry and now supports over 100 highly-skilled science and technology jobs in Albany, NY, in addition to satellite offices throughout the U.S.

With uncertainty around the extension of the PTC, the wind industry stands to lose 37,000 jobs and our firm has already begun to see the effects of the looming expiration as our clients are increasingly hesitant to move forward on the development of new wind projects. If the PTC is not extended immediately, our company anticipates a significant slowdown in business, which will result in the loss of good paying jobs.

Throughout its history the PTC has been allowed to expire on multiple occasions, which has had a negative impact on the growth of our business and that of the industry overall. We are now facing a crossroads again, except with a lot more at stake. This is not the time to hurt a high-tech growth industry, especially one that promotes clean energy technology and is a proven job creator. I ask that you consider long-term incentives to encourage sustained growth of the wind energy industry. After all, the oil and gas industries have been afforded incentives for decades, and the large majority of Americans support ongoing incentives for wind energy.

Companies like ours need long-term policy certainty in order to maintain jobs and invest with confidence in further job growth. Failure to support the wind industry's progress and promote the realization of more benefits—like stable jobs, cleaner air, and energy security—is not in the national interest. The majority of States have made clean electricity portfolios a priority, and so should the federal government. On behalf of my company, I strongly urge this committee to immediately support an extension of the wind energy PTC.

Sincerely,

Bruce H. Bailey

Bruce H. Bailey, Ph.D.
President and CEO

AWS Truepower™
Where science delivers performance.

Contact Information:

Bruce H. Bailey, Ph.D. AWS
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Ph: +1 518- 213- 0044
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Re: Hearing on Certain Expiring Tax Provisions

AYERS MARITIME SERVICES, INC.

1717 East Loop, Suite 443
Houston, Texas 77029
lrenaud@ayership.com

Ph: (713) 674 6700
Fax: (713) 674 0444
Office@ayership.com

April 23, 2012

To: Ways and Means Committee
Via Email: waysandmeans.submissions@mail.house.gov

Re: Hearing on Certain Expiring Tax Provisions

Ayers Maritime Services, Inc., a leading Shipping Agency and Terminal Operator based in Houston, Texas urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Our company represents vessels loading and discharging in the Port of Houston and Port of Beaumont, Texas carrying components for the wind energy industry and this activity contributes a significant portion of our business. We employ longshoremen, terminal drivers, truck drivers and other essential personnel to handle this equipment moving through Houston. The loss of this business will significantly effect our bottom line and hiring efforts.

With the uncertainly of the PTC's future, we understand from buyers and sellers both that they are currently winding down production and installation of new units and are redirecting efforts to other countries. This will result in the loss of the business for us and even should the PTC be extended later this year or next, new production could not begin for over a year forcing us to lay off trained employees and start again with new trainees if/when production resumes.

We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Sincerely,
Ayers Maritime Services, Inc.

Larry L. Renaud

LLR/

Statement of Baird Swanson

Baird Swanson
310 1st Ave SW
PO Box 981
Pine Island, MN 55963
(507) 356-4873
baird@pitel.net

Title of Hearing: Hearing on Certain Expiring Tax Provisions

I respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

As has been mentioned time and again in press stories, the uncertainty in the availability of funds has a chilling effect on investment. We need to put our money where our mouth is with respect to getting onto a secure energy economy. Fossil fuels aren't the future. Alternate energy sources are, and WIND is a leading technology in energy alternatives.

I urge the committee to take up an extension of the wind energy production tax credit immediately.

Thank you, Baird
Swanson Taxpayer
and voter

Statement of Ben Wright

To the House Ways and Means Committee,

I, Ben Wright, Physics Demonstrator at the University of Oregon in Eugene, OR, respectfully urge Congress to extend the wind energy production tax credit as soon as possible.

Driving through the Columbia River Gorge only hours from my home, it is truly inspiring to see hundreds of windmills turning away. I've spoken with young children during outreach events at local schools who've cited windmills as their inspiration for wanting to go to college. By delaying renewal or allowing expiry of the PTC, a great opportunity is lost in fostering strong values and providing a source of inspiration for American children to be driven to excel.

Furthermore, by stalling on approval for this legislation, wind manufacturers are suffering terrible financial uncertainty for projects that would otherwise be readily underway and would produce high-paying reliable jobs for thousands of Americans while driving the American economy to its future of sustainable manufacturing and clean energy.

It is imperative we bolster this rapidly growing sector of our economy to preserve and expand its myriad benefits.

Thanks you for considering my comments.

Regards,
Ben Wright

Extension of Production Tax Credit for Wind Generation

Statement of
Robert A. Berman, Principal
Berman Economics

Berman Economics is an economic consulting firm specializing in energy, environmental, and natural resource issues, including the economics of wind generation; and has substantial experience with electric utilities and the economics of regulated markets and the implications for public policy. Berman Economics is pleased to provide comments on whether the Production Tax Credit (PTC) should be extended. Berman Economics, like most economists, is fundamentally opposed to government subsidies. However, based on our analysis of the PTC, we find that the PTC does *not* constitute a subsidy as economists typically define that term. Rather, the PTC falls in the category of an incentive to encourage economic development. It may also serve to reduce unintended consequences of other regulatory legislation.

Considered as an economic development incentive, Berman Economics finds that the PTC is exceptionally cost-effective both in the very narrow sense of Federal budget impacts, as well as from a broader economic perspective. Accordingly, Berman Economics strongly urges Congress to extend the PTC beyond its scheduled sunset on December 31, 2012. Berman Economics emphasizes that our support for the PTC is limited to the PTC alone, and *does not* include support for an investment tax credit (ITC) *in lieu* of the PTC, which would not necessarily provide the same benefits and would front-load Federal budget costs. Based on our analyses, Berman Economics finds that extension of the PTC would make a net contribution to Federal budget revenues. We further find that the PTC tends to favor US firms relative to foreign firms and recommend consideration of modifications that would further target the incentive to US manufacturers. Specifically, our comments demonstrate:

- **PTC Has A Positive Impact On The Federal Budget; and**
- **Production And Efficiency Incentives Favor US Manufacturers.**

PTC Has A Positive Impact On The Federal Budget

Our analysis of Federal budget impacts appropriately focuses on incremental PTC impacts. Not extending the PTC would have no immediate impact in overall PTC credits in 2013 and in the near future for current wind generation and wind generation added in 2012. Rather, not extending the PTC would eliminate *additions* to PTC for generation added after December 31, 2012, and would not even *begin* to significantly reduce PTC credits until 2015 because the PTC benefit per project is good for 10 years. Accordingly, our analysis focuses only on the increment in PTC credits. Similarly, we focus only on the likely direct employment and associated budget impacts.

All analyses, including those by the Congressional Research Service, support the conclusion that the level of economic activity in the wind industry, including employment, is closely tied to the PTC. Due to requirements of the Public Utilities Regulatory Policies ACT (PURPA) regarding pricing and avoided costs, some states may face constraints on wholesale pricing of renewable energy. Accordingly, a PTC may be necessary even with mandatory Renewable Portfolio Standards in many states. The absence of a PTC may be a significant barrier to development of wind generation. Indeed, it is noteworthy that on May 7, 2012, Gamesa suspended plans to install what may have become the first U.S. offshore turbine, citing policy uncertainty. The company will instead move forward with a similar project off Spain's Canary Islands.[1]

Our narrow focus on budget impacts of direct employment consequences should not be construed as our assessment that these would be the only negative consequences of not extending the PTC. Rather, our conclusion is that this impact represents an obvious lower bound on negative impacts; and that this lower bound estimate is more than sufficient to justify extending the credit.

Berman Economics' analysis assumes an increase in PTC credits of approximately $552 million annually, based on the increase in wind generation between 2010 and 2011. Specifically, assuming 94,652 thousand mWh in 2010 and 119,747 thousand mWh in 2011,[2] we calculate an increase of 25,097 thousand mWh. Based on a payment of $22 / mWh, the incremental PTC was $552 million.

Since the Bureau of Labor Statistics (BLS) does not yet report wind energy employment, the Congressional Research Service (CRS) identifies the American Wind Energy Association (AWEA) as the best source of information on wind energy employment.[3] Based on an independent study, AWEA reports that 2011 employment in wind generation of 78,000 would decline to 41,000 in 2013 if the PTC were not renewed.[4] Under the highly restrictive assumption that the *only* benefit of the PTC were to support the at risk 37,000 jobs, the budget cost for each of these jobs, in the form of PTC credits, would be $15,000 per job. The budget question, then, is to identify the budget revenues that flow from those jobs.

The direct Federal budget "benefit" of these jobs is $30,000 per job assuming no indirect employment or other economic consequences. Specifically, our best estimate of the average salary in the wind industry is approximately $62,000[5], which was confirmed as a reasonable estimate in private conversations with BLS. Based on taking the standard

[1] http://www.businessweek.com/news/2012-05-07/gamesa-to-install-first-offshore-wind-turbine-in-spain-in-2013

[2] *Electric Power Monthly*. U.S. Department of Energy. February 2012. Retrieved March 11, 2012. http://www.eia.gov/electricity/monthly/pdf/epm.pdf.

[3] Platzer, Michaela D., *U.S. Wind Turbine Manufacturing: Federal Support for an Emerging Industry*, Congressional Research Service, September 23, 2011, http://www.fas.org/sgp/crs/misc/R42023.pdf, page 19, fn 81.

[4] *Impact of the Production Tax Credit on the U.S. Wind Market*, Navigant Consulting, December 11, 2011, Navigant reference 152362.

[5] http://www.simplyhired.com/a/salary/search/q-wind+energy

deduction, an average income tax rate of 15% and FICA and Medicare taxes at 6.2% and 1.45% respectively, this would result in budget revenues of approximately $13,000, *exclusive* of any employer income taxes and FICA contributions. Based on unemployment compensation of $330 / week[6], each of these jobs represents an unemployment compensation liability of approximately $17,000 per year per job.

Thus, at a minimum, the negative impact on the Federal budget would be twice the PTC savings, assuming *no* indirect employment impacts, no other related losses, and no negative impacts on states. On a Federal budget basis alone, and under the overly conservative and highly restrictive assumptions herein, the PTC should be reauthorized. From a budget impact, it excludes the tax revenues that would be paid by future wind projects. Indeed, *NextEra Energy* conservatively estimates that even a one-year extension of the PTC would result in a fiscal net benefit to the government of $768 million.[7]

Production And Efficiency Incentives Favor US Manufacturers

Unlike an investment tax credit that accrues whether or not an investment is used or useful and remains so over its life, a production tax credit is directly proportional to the need and usefulness of the investment, over the life of the investment. It therefore represents a secondary distribution of the continuing benefits the investment creates. Moreover, where an ITC is at best neutral with respect to efficiency, the PTC favors more efficient generation systems to less efficient generation since the payments are greater the greater the generation and especially the lower the losses in the transformation process as generation voltage from a turbine is stepped-up first at the turbine and again at the substation prior to transmission.

Production and efficiency incentives tend to favor US manufacturers. Unlike foreign manufacturers, US turbine manufacturers such as G.E. and European owned turbine manufacturers with US facilities such as Vestas and Gamesa focus on high-end, more efficient turbines. Chinese imports, by contrast, are oriented towards the lower-end market more sensitive to initial cost. Similarly, step-up transformers are often the "weak link" in wind farm designs as inefficient transformers have a low initial cost but substantially higher losses. More efficient step-up transformers, such as those with amorphous metal cores available from major US manufacturers like ABB and Howard Industries, may be marginally more expensive than foreign imports but have substantially lower losses resulting in more electricity available for sale. Wind farm developers who develop wind farms intending to operate the farms themselves and sell the power tend to focus more on efficiency as their earnings derive from production. Developers who focus on assembling projects for sale to operators tend to focus on lower first cost equipment at the expense of efficiency, as profits on the sale of the farm are higher with lower development costs, and the demand for wind capacity relative to supply has not permitted discrimination based on efficiency.

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6 http://money.msn.com/how-to-budget/can-you-live-on-330-a-week-mainstreet.aspx

7 http://www.nexteraenergyresources.com/pdf_redesign/wind_ptc.pdf

Since production and efficiency incentives favor the relatively more efficient products of US manufacturers, conditioning the availability of the PTC to power produced by the most efficient turbines and transformers available for sale at the time of development will have the added advantage of favoring US manufacturers without contravening commitments under the World Trade Organization. So conditioning the PTC would also increase green energy and electric supply diversity benefits as it would result in more power production from a given resource.

Another method for increasing the benefits of the PTC for given costs would be to lengthen the period of time between required reauthorizations[8]. Short-term authorizations tend to discourage significant long-term commitments. That is, a portion of the imports of the wind turbine manufacturing industry relate to a lack of domestic capacity to satisfy domestic demand. The importance of the PTC to industry economics and the uncertainty regarding reauthorization leads to a risk-averse underinvestment behavior – building capacity only for "certain" demand, and filling in with imports for the difference. Moreover, US exports have been very small (less than $150 million) – the result of opportunities presented by variations in the pattern of domestic demand. For given PTC, a more certain commitment (longer time between reauthorizations) would provide necessary certainty encouraging larger capacity expansions. Thus the same PTC annual payment would lead to a larger increase in domestic output and employment, lower imports and larger exports.

[8] The importance of certainty associated with Federal policy in this area is also addressed by the Congressional Research Service in its 201[illegible] [illegible] of the [illegible] of Federal Support.

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Statement of Bill Hinton

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April 23, 2012

Ways and Means Committee
US House of Representatives
Washington, DC
via email

RE: Extend the PTC

Ladies and Gentlemen

As a private citizen, I am very concerned about lack of progress in establishing alternative energy generating capacity in the US. Your extending of a tax credit for wind energy production would be a step in the right direction to support wind production of electricity. Please take action to extend the credit for wind right away.

Sincerely

Bill Hilton

Bill Hilton

Statement of Bingham Greenebaum Doll LLP

Hearing on **Extension of Wind Energy Production Tax Credit**

I represent several leading wind project developers/manufacturers in Indiana and on their behalf urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

With the uncertainly of the PTC's future, they are reluctantly winding down a significant portion of Indiana wind development activity (that investment to date in our state has totaled almost $3 billion) and instead redirecting funding, services and staff resources to Canada and South America. This will result in this potential investment in Indiana consisting of construction jobs, tax dollars, and community benefits shifting away from the US, as a direct result of Congress' delay in passing a timely extension of the PTC.

We strongly urge your committee to immediately take up an extension of the wind energy production tax credit.

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STATEMENT OF THE BIOMASS POWER ASSOCIATION

SUBMITTED FOR THE RECORD OF THE HEARING ON

"CERTAIN EXPIRING TAX PROVISIONS"

U.S. HOUSE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SELECT REVENUE MEASURES

APRIL 26, 2012

The Biomass Power Association (BPA) welcomes the opportunity to provide comments for the record of the April 26, 2012 Committee on Ways & Means, Select Revenue Measures Subcommittee ("Committee") hearing to examine "certain expiring tax provisions." BPA would like to thank Select Revenue Measures Subcommittee Chairman Tiberi and Ranking Member Neal for this hearing to allow Members the opportunity to discuss important tax extender provisions, such as the Section 45 Production Tax Credit (PTC) for renewable energy.

BPA is the national voice for the biomass to electricity industry. Our members utilize organic byproducts and residuals from the forest products and agricultural sectors to create "grid connected" electricity. By doing so, we provide Americans with a sustainable, renewable form of power that also solves an environmental problem by creating a market for materials that would otherwise be discarded. Our members employ more than 14,000 hard working men and women, and contribute over $1 billion to the U.S. economy every year. Together with the pulp and paper industry, we provide nearly half of the Nation's renewable electricity supply.

Beginning in 2004 when Congress made open-loop biomass an eligible resource for the PTC under Internal Revenue Code Section 45, BPA has worked closely with your Committee to explore strategies to support our industry in ways that are fiscally prudent and achieve the important public policy goal of diversifying and strengthening the Nation's energy portfolio. We applaud the goal of avoiding the picking of "winners and losers" or otherwise distorting energy markets.

The biomass industry depends on a federal tax policy that is fair, consistent, and provides appropriate incentives that are designed to promote development. There are significant opportunities for new biomass electricity projects in many parts of the country—projects that create jobs, sustain rural economies, and promote capital investment.

Deleted: April 25, 2012

To fully realize the great potential of our industry, we urge the Committee to consider three important proposals—

1. Extend the 1603 Treasury Program.

   By far the most successful federal tax program to encourage development of renewable energy souces, including open-loop biomass, has been the Section 1603 Treasury Grant Program. As a direct result of this program, the biomass industry estimates that more than $1.3 billion in invested capital will have been put to work in our industry through 2012.

   By way of example, consider the recent project in Gainesville, Florida developed by New Hampshire-based American Renewables, in partnership with the local utility in Gainesville. That project, which is expected to be placed in service in 2013, has created hundreds of new jobs and the grant program has helped to leverage nearly $500 million in private investment in the project. Projects like Gainesville have occurred throughout the country, from Texas (Nagadoches $500 million) and (Rio Grande Sugar Co-op, $30 million), to Michigan (L'anse Warden, $39.9 million) to Washington (Simpson Paper, $50 million) to New Hampshire (Berlin, $250 million).

   Our members uniformly believe that the 1603 incentive has been an extremely effective financing mechanism for renewable energy projects. The program allows taxpayers and small businesses to maximize the return and value of Section 45 production tax credits by avoiding the significant costs charged by Wall Street in transactions to monetize the credits. An extension of the program will allow even more projects to be built throughout the nation at a time when new investment in our energy infrastructure is sorely needed.

2. Extend the Placed-in-Service Date for Open-Loop Biomass.

   Under current law, in order to qualify for the PTC, open-loop biomass facilities must be placed in service by December 31, 2013. Unlike some other forms of renewable energy, the development timeline for biomass electricity projects is often up to five years from beginning of project development to the commencement of construction. For all intents and purposes, the current federal production tax credit for biomass facilities is ineffective since no developer can rely upon the certainty that Congress will extend the placed-in-service date past 2013, and no project—even if it began development today—could meet the 2013 date. In this respect, short "placed in service" dates favor other forms of renewable energy—a clear example of Congress inadvertently picking winners and losers simply by virtue of the uncertainty created by a tax incentive program that suffers from starts and stops and short-term extensions.

3. Level the Playing Field.

   Finally, current tax law is inequitable and distorts energy markets. The Internal Revenue Code prescribes a hodgepodge of production and blenders credits for energy production that creates inequities between types of energy (i.e., electricity vs. liquid fuels), between end uses of the same biomass feedstocks, and even between different electricity generation technologies. While grappling with the entirety of this issue will surely take some time, one immediate and useful step forward would be approval of the Herger/Thompson Renewable Energy Parity Act, H.R. 2286, which would level the playing field in the renewable electricity sector by harmonizing the PTC rates for all of the eligible technologies.

We urge the Committee to consider changes to the Code that provide consistent and predictable benefits in order to achieve the greatest potential results. We very much appreciate the opportunity to comment on these important issues, and welcome the opportunity to serve as a resource as the Committee moves forward.

# # #

Statement for the Record of the

U.S. House Committee on Ways and Means

Subcommittee on Select Revenue Measures

Hearing on "Certain Expiring Tax Provisions"

April 26, 2012

Executive Summary

- The Biotechnology Industry Organization (BIO) represents more than 1,100 innovative biotechnology companies and institutions in all 50 states, including leading companies in the production of conventional and advanced biofuels, renewable chemicals and other sustainable energy and manufacturing solutions.

- Advanced biofuels, renewable chemicals, and biobased products have tremendous potential to address the nation's economic, energy and national security challenges and are ready for commercial deployment, but simply cannot secure needed capital for first-of-a-kind biorefinery construction without government support.

- Congress should include the following important tax provisions in any energy tax extenders package to help renewable chemical and advanced biofuels developers access critical capital to move their projects forward:

    - Extend the cellulosic biofuels production tax credit and accelerated depreciation for cellulosic biofuel property for the longest feasible duration and extend eligibility to algae-based biofuels;
    - Preserve current incentives for alternative alcohol fuels; and
    - Fund and clarify eligibility of renewable chemicals and biobased products for the Internal Revenue Code Section 48C Advanced Manufacturing Credit.

- Supportive, stable federal policy is essential to ensuring that advanced and cellulosic biofuels developers can move forward on these first-of-a-kind commercial projects.

- Congress should consider enacting additional incentives to further help renewable chemical and advanced biofuels producers gain improved access capital.

Biotechnology Industry Organization
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Statement for the Record of the

U.S. House Committee on Ways and Means

Subcommittee on Select Revenue Measures

Hearing on "Certain Expiring Tax Provisions"

April 26, 2012

Introduction

Thank you for the opportunity to provide a written statement to the U.S. House Committee on Ways and Means Subcommittee on Select Revenue Measures ("the Subcommittee") for the record of its April 26, 2012, hearing on "Certain Expiring Tax Provisions."

BIO is the world's largest biotechnology organization, with more than 1,100 members worldwide, including state and regional biotech associations, service providers to the industry and academic centers. BIO's Industrial and Environmental Section represents over 85 leading companies in the production of conventional and advanced biofuels, renewable chemicals and other sustainable solutions to energy and climate change. BIO member companies apply industrial biotechnologies to help resolve important challenges in synthesizing new products, whole cell systems and other biologic processes to improve the range of manufacturing and chemical processes. BIO members include the leaders in developing new crop technologies for food, feed, fiber, and fuel.

BIO commends the Subcommittee for holding today's hearing on expired and expiring tax provisions to determine how these incentives measure against key metrics such as cost, effectiveness, and job creation. History has demonstrated that tax incentives can be powerful policy mechanisms, particularly in the case of helping to achieve the nation's energy policy objectives by promoting the deployment and utilization of new energy resources.

Sustained supportive tax policy is very important to emerging technologies that have not yet achieved commercial scale, and should be targeted at those technologies with the greatest potential to create the jobs, economic growth, energy security and environmental benefits we seek as a nation. Emerging technologies in advanced biofuels, renewable chemicals, and biobased products have tremendous potential to address the nation's challenges and are ready for commercial deployment, but simply cannot secure needed capital for first-of-a-kind biorefinery construction without government support. We urge you to extend provisions that support the scale-up of these important technologies.

Background

Advanced biofuels, renewable chemicals and biobased products have great potential to significantly increase this nation's energy and national security, while creating thousands of solid, well-paying U.S. jobs (see **Appendix A** chart on "U.S. Jobs Associated with the Production of Advanced Biofuels and Renewable Chemicals"). In fact, today, the domestic biofuels industry is already creating jobs, helping to reduce our dependence on foreign oil and providing downward pressure on gas prices at the pump. It is now contributing more than 400,000 jobs and $53 billion in new activity to the nation's economy. A recent report found that additional job creation from advanced biofuels production under the federal Renewable Fuel Standard (RFS) could reach 807,000 by 2022.[1] Advanced biofuels production under the RFS could further reduce U.S. petroleum imports by nearly $70 billion by 2022.

A recent report estimates that the global sustainable chemical industry will grow to $1 trillion, which provides an important opportunity for U.S. job and export growth. Currently, the industry is estimated to be only seven percent of its future projected size. U.S. companies traditionally make-up about 19 percent of the traditional global chemical industry. If U.S. companies capture the same percentage of the sustainable chemical industry as it grows to $1 trillion, BIO anticipates 237,000 direct U.S. jobs and a trade surplus within the chemical sector. See attached **Appendix B** BIO white paper. Also, please see http://www.bio.org/sites/default/files/20100310_biobased_chemicals.pdf for a report on "Biobased Chemicals and Products: A New Driver of U.S. Economic Development and Green Jobs." The report provides further explanation and context showing that, through the development of the U.S. renewable chemicals and biobased products industries, the U.S. has the opportunity to recover and reclaim significant U.S. manufacturing jobs that have been lost to other nations in recent decades.

As the 2010 Quadrennial Defense Review notes, the Navy, other branches of the military, and the nation as a whole, face a significant national security threat from U.S. dependence on foreign sources of energy. This threat can be significantly reduced with an ample supply of U.S. advanced biofuels. Innovative advanced biofuels companies have made great strides in developing new technologies to produce next generation biofuels from a variety of feedstocks, and are poised to produce billions of gallons of advanced biofuels if project financing can be secured in a timely fashion (See for example (1) the following link to an article on "Current Status of Cellulosic Biofuel Production in the United States": http://www.liebertonline.com/doi/abs/10.1089/ind.2011.7.365, and (2) **Appendix C** chart of current and planned advanced biofuel projects). Supportive, stable federal policy—including tax incentives for biofuels and biobased products—is essential to ensuring that advanced biofuels developers can move forward on these first-of-a-kind commercial projects, which are a critical component of plans to meet the nation's energy independence and security needs. Many federal incentives vital to U.S. advanced biofuels development and commercialization have expired or are set to expire in the near-term.

[1] *U.S. Economic Impact of Advanced Biofuels Production: Perspectives to 2030*, bio-era, Feb. 2009, available at: http://www.ascension-publishing.com/BIZ/BIO-econ-impact.pdf

To accelerate large scale commercialization of advanced biofuels, renewable chemicals and biobased products, below please find an overview of provisions we believe are necessary to drive continued investment in the broadest possible set of emerging technologies.

Tax Extensions Necessary To Drive Investment in Advanced Biofuels, Renewable Chemicals and Biobased Products

The following existing tax incentives must be extended, with recommended clarifications, so that renewable chemical and advanced biofuels producers can access critical capital to move their projects forward and help the U.S. meet its energy independence, national security, and job creation needs.

- ***Extend the Cellulosic Biofuel Production Tax Credit and Accelerated Depreciation for Cellulosic Biofuel Property*:** BIO's member companies are working hard to commercialize cellulosic technologies and these companies are dependent on private investors to help fuel the innovation that will enable this commercialization effort. The cellulosic biofuels production tax credit and the accelerated depreciation for cellulosic biofuel property have the potential to unlock vital project financing. But because commercial biorefinery projects take an average of two or more years to complete, the December 31, 2012, expiration date prevents project developers from leveraging the value of these credits. Thus, even though the incentives are nominally effective through 2012, the credits have already effectively expired with regard to current facility development. **Extend the cellulosic biofuels production tax credit (PTC) and accelerated depreciation for cellulosic biofuel property for the maximum feasible duration.**

- ***Algal Biofuels Tax Parity*:** The Internal Revenue Code effectively impedes the commercialization of algae-based biofuels by providing a production tax credit and favorable depreciation to cellulosic biofuels developers, but not for algae-based fuel facilities. Algae-based fuels provide public benefits similar to those provided by cellulosic biofuels in terms of job creation, energy security, and environmental profile. As long as the law discriminates against algal fuels developers, it will continue to be extremely challenging for algae-based fuel start-up companies to attract the capital required to build the first commercial scale facilities. **Algae-based biofuels should be made eligible for the cellulosic biofuels PTC and accelerated depreciation.**

- ***Preserve Current Incentives for Non-Ethanol Alcohol Fuels*:** Under current law, the Internal Revenue Code provides income tax credits, or excise tax credits in lieu of income tax credits, for a number of alcohol fuels, including advanced non-ethanol alcohol fuels. It is important that these tax incentives for non-ethanol alcohol fuels be considered on their own merits. The tax credits for non-ethanol alcohol fuel are available only to biofuels that are poised to come onto the market but that need temporary policy support to help ensure their commercial viability in the short-term. Like the cellulosic biofuel production tax credit and accelerated depreciation rules, **the non-ethanol alcohol fuels credits should be extended as long as possible.** Moreover, because production levels of these alternatives will be small in the next few years, the cost of extending the provision for a term of years is expected to be modest.

- ***Fund and Clarify Eligibility of Renewable Chemicals and Biobased Products for Sec. 48C Advanced Manufacturing Credit*:** S. 1764, the *Make It in America Tax Credit Act of 2011,* provides much needed additional funding to the Advanced Energy Manufacturing Tax Credit (Section 48C) and explicitly clarifies the eligibility of renewable chemicals and biobased product projects. Incentivizing investment in biorefineries provides the potential to create new markets for American products and jobs. Renewable chemicals and biobased products impact everyday products such as car parts to cleaning products, soaps, insulation materials, plastics, foams, fibers, fabrics, and impacting our economy. **Incorporate S. 1764 into any tax extenders package.**

The following incentives should also be enacted to further help renewable chemical and advanced biofuels producers gain access to critical capital to move their projects forward.

- ***Provide an Investment Tax Credit (ITC) for Advanced Biofuel Biorefineries*:** Capital costs for construction of advanced biofuel biorefineries are a substantial barrier to commercialization. **Congress should provide an investment tax credit option (available in lieu of production tax credits) for emerging advanced biofuel project developers** to help accelerate construction of advanced biofuel biorefineries and speed deployment of emerging advanced biofuel technologies.

- **Provide a Tax Credit for Production of Qualifying Renewable Chemicals**: Renewable chemicals and biobased plastics represent an important technology platform for reducing reliance on petroleum, creating green U.S. jobs, increasing energy security, and reducing greenhouse gas emissions. By providing a federal income tax credit for domestically produced renewable chemicals, Congress can create domestic jobs and other economic activity, and can help secure America's leadership in the important arena of green chemistry. Like current law renewable electricity production credits, the credits would be general business credits available for a limited period per facility. To truly achieve energy security, the U.S. must develop biorefineries that produce alternatives to all of the products made from each barrel of oil. Industrial biotechnology enables the production of renewable chemicals and biobased products from biomass, and the total displacement of fossil fuel products can be accelerated with a production tax credit.

The provisions above are essential ingredients in any effort to accelerate the commercialization of advanced biofuels, renewable chemicals and biobased products. We ask that you include these provisions in any tax extenders package.

Thank you.

Statement of Biotechnology Industry Organization Appendix A

APPENDIX A

U.S. Jobs Associated With the Production of Advanced Biofuels and Renewable Chemicals

Source of Jobs	Associated U.S. Jobs
DOE/USDA	**5505** currently **see attached chart of public private biofuel projects compiled by BIO
Biomass Crop Assistance Program	**700,000** potential U.S. jobs **USDA BCAP Fact Sheet, May 2011. http://www.fsa.usda.gov/Internet/FSA_File/bcap_update_may2011.pdf
Potential Advanced Biofuels jobs in agriculture, engineering, construction and research by 2030	**800,000** **"U.S. Economic Impact of Advanced Biofuels Production: Perspectives to 2030" (bio-era, 2009)
Sustainable Chemistry Sector	**237,000** direct U.S. jobs once the global sustainable chemistry industry grows to its widely projected $1 trillion size

BIOTECHNOLOGY INDUSTRY ORGANIZATION

Renewable Specialty Chemical Working Group White Paper

March 11, 2010

Sustainable chemistry produces green chemicals from renewable raw materials using environmentally friendly processes that not only conserve energy and water but also have a low carbon footprint. The primary technology-driver for sustainable chemistry is biotechnology and the main input is plant-derived raw materials. Importantly, sustainable chemistry allows U. S. companies to replace raw materials derived from foreign oil with agricultural materials produced domestically.

Why does sustainable chemistry make sense for America? We live in a competitive world. U.S. companies can create rewarding high-paying jobs for Americans, if government supports new industries in which the U.S. can maintain a leadership position. Sustainable chemistry is a sector where U.S. companies are positioned to lead because it combines three areas of U.S. strength: biotechnology, agriculture and chemicals. First, the U.S. has been and continues to be a world leader in biotechnology-its companies and research institutions excel in the core capabilities required by this industry: protein engineering, metabolic engineering and synthetic biology. Second, the American farmer has an unparalleled ability to produce the raw material needed by this industry. Finally, the U.S. has the world's largest national chemical industry. Ten cents of every U.S. export dollar is derived from chemical sales. The value of America's share of the global chemical market is $690 billion (19% of the $3.7 trillion dollar global market). The chemical industry directly employs 860,000 people in the U.S., and indirectly supports the employment of another 4,795,500 people.

Why switch from "traditional chemistry" to "sustainable chemistry"? Although the U.S. chemical industry remains successful, several forces have reshaped the global chemical industry over the past decade. Among these is growth of the industry in the Middle East and Asia. Consider, for example, Dow Chemical's decision to exit the commodity chemical business in 2007. According to Dow's CEO, Andrew Liveris: "Petrochemicals will be looked at from the point of view of low-cost feed stocks; given the likelihood that energy and feedstock costs will remain high by historical standards, there is every reason to believe that productive assets will continue to gravitate to regions that offer advantaged feed stocks, namely, the Mideast and Asia." Over the past decade, U.S. direct employment in the chemical sector has decreased from 992,000 to 860,000 employees. Regarding exports, the U.S. enjoyed a trade surplus of $13.4 billion in 1998, but by 2008 the sector suffered a trade deficit of -$2.7 billion. We believe that the U.S. can reverse these trends by capitalizing on its core strengths in biotechnology, agriculture and chemical manufacturing. While the traditional U. S. chemical industry is shrinking, several independent groups have estimated that the global sustainable chemistry industry will grow to $1 trillion dollars. This creates a significant opportunity for job growth and export growth because the current global sustainable chemistry industry is only about 7% of its projected future size. If U.S. companies can capture 19% of this new $1 trillion market, (by analogy to the traditional chemical industry) we project that the U.S. will create about 237,000 direct U.S. jobs in the sustainable chemistry sector, while shifting the balance of trade in the chemical sector to a trade surplus.

The traditional chemical industry is made up of two broad sectors: commodity chemicals and specialty chemicals. Each plays critical but different roles. Commodity chemicals are manufactured in large quantities, sell for a low price and provide the base volume for the industry. However, they are cyclic and have wide swings in prices and margins across the commodity cycle. Specialty chemicals in contrast have smaller volumes and higher margins. Their role is to provide higher margins that are consistent across the commodity cycle.

Like the traditional chemical industry, the sustainable chemistry industry of the future will have two product sectors: commodity biochemicals (also known as bioproducts) and specialty biochemicals. Both will play critical yet different roles in the integrated biorefinery. Commodity biochemicals like biofuels will

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provide a base of large volume, low margin business. However, both commodity biochemicals and biofuels are subject to the volatility of commodity cycles. Specialty biochemicals will provide a base of consistent, non-cyclic higher margin products that can be depended upon across the commodity cycle and offer a stable cash-flow during biofuels and commodity chemical troughs.

What is required to accelerate the development of a strong specialty biochemical sector? Three factors are currently limiting the growth of specialty biochemical sector. The first is a lack of research funding to support early stage development of new specialty biochemical technology platforms and products. For many years, the US DOE has provided significant research support for both biofuels and commodity biochemicals which has greatly accelerated the development of these products. Over the past 15 years, the DOE and USDA have provided significant financial support for the development of cellulosic and third generation biofuels. Their support greatly accelerated the development of these new fuel alternatives. Commencing in 2004, the DOE and USDA expanded their support of biofuels to include support for the development of 12 commodity biochemicals which have had a significant impact on their advancement.

Authorizing consistent annual research funding specifically for specialty biochemicals will encourage them to expand their focus to specialty biochemicals which will greatly accelerate and expand the pipeline of new products

While biofuels and commodity biochemicals have benefited from extensive research grant support, there has been very little research support for specialty biochemicals. Thus, universities, research institutions and industry have focused on developing new biofuels and commodity chemicals. Authorizing consistent annual research funding specifically for specialty biochemicals will encourage them to expand their focus to specialty biochemicals which will greatly accelerate and expand the pipeline of new products.

Access to loan guarantees and grants will help address the lack of capital to fund the transition from pilot-scale production to full-scale manufacturing

The second factor limiting the growth of the specialty biochemical sector is the cost of investing in manufacturing capacity. It is often said that there is a "valley of death" that must be crossed in order to make the transition to full-scale manufacturing. Access to loan guarantees and grants will help address the lack of capital to fund the transition from pilot-scale production to full-scale manufacturing.

A production credit for qualifying specialty biochemicals products during the first five years will provide the incentive to accelerate market growth

The third is the initial product costs due to a lack of economy of scale during the initial years of launching a product. Initially, when a specialty biochemical is first commercialized, sales volumes are low and due to the lack of economy of scale, costs are high. After several years as the product is successfully adopted by the market, volumes increase, costs drop and the product becomes profitable. A production credit for qualifying specialty biochemicals products will provide the incentive to accelerate market growth.

Statement of Biotechnology Industry Organization Appendix C

APPENDIX C

Company	Location	Technology	Date	Jobs	Other participants
Abengoa Bioenergy	Hugoton, Kans.	Agricultural residues fermented to ethanol	9/2007	94 permanent, 250 construction	
Agrivida	Medford, Mass.	New crop traits that eliminate pre-treatment of cellulosic feedstock	11/2009		
Algenol*	Ft. Myers, Fla.	Algal production of ethanol		120	Dow Chemical
Alpena Biorefinery	Alpena, Mich.	Hardwood byproducts fermented to ethanol	12/2011	10 permanent	Valero Energy Corp.; American Process Inc.
Amyris	Emeryville, Calif.	Sweet sorghum fermented to diesel and related chemicals	11/2009	350	Ceres Inc., NREL
Bluefire Ethanol	Fulton, Miss.	Forest waste, MSW	12/2009	50 permanent, 250 construction	
Clear Fuels Technology	Commerce City, Colo.	Syngas from biomass, integrated with FT diesel from natural gas	12/2011		
Coskata	Boligee, Ala.	Syngas from MSW fermented to ethanol	1/2011	700 direct and indirect	
DuPont Danisco Cellulosic Ethanol	Vonore, Tenn.	Corn stover, switchgrass fermented to ethanol	12/2009	40	
Enerkem, Inc.	Pontotoc, Miss.	Syngas from wood residue catalysed to ethanol	12/2013	70 permanent	
Gevo	Englewood, Colo.	Yeast fermentation to isobutanol	11/2009		
INEOS Bio, New Planet Energy	Vero Beach, Fla.	Syngas from agriculture waste and MSW, fermentation to ethanol.	3/2010, 9/2010, 1/2011	50 permanent, 175 construction	
Lignol	Ferndale, Wash.	Fermentation of ethanol from woody biomass	9/2010	39 permanent, 200 construction	
Logos	Visalia, Calif.	Enzymatic hydrolysis of corn stover and switchgrass		43 permanent	Ceres, Novozymes
Mascoma	Kinross, Mich.	Fermentation of forestry waste to ethanol	2/2009	50 permanent and 150 construction	Oak Ridge National Laboratory
Myriant	Lake Providence, La.	Fermentation of sorghum to succinic acid	3/2010	50 permanent, 250 construction	
POET Project Liberty	Emmetsburg, Iowa	Fermentation of corn stover to ethanol	9/2008	40 permanent and 200 construction	Novozymes
Sapphire Energy	Columbus, N.M.	Algal production of green crude oil		750 direct and indirect	Sandia National Lab, and New Mexico State University
Solazyme	Riverside, Pa.	Heterotrophic algal lipid production from sugar.		388 direct and 256 indirect	Abengoa Bioenergy, BlueFire Ethanol, UOP LLC
UOP Renewables	Oahu, Hawaii	MSW and algae to gasoline, diesel and jet fuels via pyrolysis	2/2010	40 direct	Ceres, Targeted, HR BioPetroleum
ZeaChem	Boardman, Ore.	Hybrid poplar fermented to acetic acid		100 operations, 338 construction + 442 indirect jobs	Valero Energy Corporation, GreenWood Resources

*Shaded projects indicate ARRA-funded projects

Statement of Bitsa Burger

I respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The long project development and manufacturing lead times for wind energy projects mean that the PTC has already effectively expired. Right now, wind project developers are not making plans in the U.S. and American manufacturers are not receiving orders. The wind industry is facing the recurrence of the boom-bust cycle it has seen in previous years when the PTC was allowed to expire. In the years following expiration, installations dropped between 73 and 93%, with corresponding job losses. I don't want this to happen again.

Equipped with the PTC, the wind energy industry has contributed impressively to U.S. economic development. The PTC has been instrumental in helping the wind industry to:
-Lower the cost of wind power by more than 90%
-Manufacture components for wind turbines at over 400 U.S. manufacturing facilities
-Power the equivalent of 10 million American homes
-Provide 35% of all new U.S. power capacity in the past four years

The PTC drives billions of dollars in private investment in homegrown American wind power each year. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely

Bitsa Burger
521 Alameda Del Prado, #322
Novato, Ca
707-591-5193
burgerink@pon.net

BLATTNER ENERGY

April 24, 2012

To: House Ways and Means Committee

Re: Hearing on Certain Expiring Tax Provisions

I, John Blattner, CFO of Blattner Energy, Inc. located in Avon, MN, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Thousands of American jobs are in jeopardy if the PTC expires. The impact is already starting to take hold with companies expecting the PTC not to be extended as they are laying off workers and halting manufacturing of related wind industry products.

Anticipating the industry will cease without the PTC will cause businesses and Americans to curtail spending, if not already, thus further slowing our economy and reducing the revenue taken in by the government.

Wind energy is producing vital, needed energy fueling our country with one of the most cleanest and efficient forms of electrical energy production.

The PTC is critical to the wind industry which also means it is critical to employing Americans.

I respectfully urge the committee to extend the wind energy production tax credit right away.

Sincerely,

John Blattner
C.F.O.
Blattner Energy, Inc.
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Avon, MN 56310
320-356-7351
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320.356.7351 | 320.356.7352 | www.BlattnerEnergy.com
392 County Road 50 | Avon, MN 56310

BlueDot Analytics
201 Ross Street
Santa Cruz, CA 95060

5/8/12

To: waysandmeans.submissions@mail.house.gov

Dear Ways and Means Committee,

We are writing to you today as both citizens and business owners to express our deep concern over the lack of an extension of the Production Tax Credit (PTC) for the U.S. wind energy industry. As you know, the wind energy industry, a homegrown U.S. industry, has been growing at a rapid clip here in the U.S. and around the world (on average over 28% annual growth worldwide over the last 10 years according to TheWindPower.net, 2012). The wind industry is responsible for stimulating job growth via multi-billion dollar capital investments that breathe life into our national economy. The wind industry is also increasing our security by providing an independent source of long-term renewable energy. There are a lot of reasons to love the wind industry here in America: it creates jobs, channels investment dollars, contributes to energy security and reduces air pollution.

As you can imagine, with all the described benefits the wind industry provides, we are extremely frustrated that the industry is being stifled by the lack of a PTC. The lack of the PTC is driving wind manufacturing jobs offshore and delaying investment in new wind assets and research, and is slowing the spectacular momentum that has been building in the U.S. wind industry over the last several years (even during the worst of the global economic crisis). According to the American Wind Energy Association (AWEA), wind energy has accounted for the second-most new energy generating capacity over the last four years behind natural gas. Now is the time to act and extend the PTC to ensure that new wind assets are installed here in the U.S. and that America does NOT lose any more manufacturing jobs.

Our company, BlueDot Analytics, is a startup focusing on predictive maintenance, a strategy that the Department of Energy (DOE) asserts might be "the most cost effective of all O&M strategies." The economics of the wind industry are important to small businesses like mine and many others out there. In fact, the PTC is important to many large companies in the U.S. as well, including public and private utilities across the country. The PTC for wind is only 2.2 cents per kWh and represents only a tiny fraction of the subsidies and credits offered to fossil fuels. Additionally, there is bipartisan support for the PTC extension. It seems there are no compelling reasons to NOT extend the PTC.

BlueDot Analytics urges you to extend the PTC for wind as a matter of priority and to keep the positive momentum in job growth, domestic capital investment, and energy security going at this still uncertain time in our economic recovery. American citizens and businesses of all shapes and sizes are behind the extension of the PTC, so please extend the PTC right away! America is depending on these jobs, and investments for growth and prosperity. Please do not repeat the busts associated with past PTC expirations in 2000, 2002, and 2004. To be clear, **10,000's of jobs and multi-billion dollar investments are on the line** with the PTC.

Sincerely,

James Parle - Co-Founder and CEO
Jonathan Gibson - Co-Founder and CFO
Julien Gervreau - Co-Founder and CBDO
Chad Reese - Co-Founder and CMO

BlueDot Analytics
201 Ross Street
Santa Cruz, CA 95060
www.bluedotanalytics.com

Statement of Bob Pabodie

Name: Bob Pabodie
Organization (if applicable): Triumph Engineering Corp.
Address: 100 Tri County Parkway, Cincinnati, Ohio 45246
Phone Number: 513-763-7668
Contact E-mail Address: bpabodie@triumph-eng.com
Title of Hearing: Hearing on Certain Expiring Tax Provisions

The wind energy production tax (PTC) is exactly what we need to get away from in this country. The wind industry simply cannot stand on its own without incentives, tax breaks, etc. It offers false hope and ultimately a burdensome tax on all Americans who pay for subsidizing the profits of the companies involved. The GE's, Siemens, and many other companies will never advance the technology to be profitable unless you remove the incentives and force them to advance. Why should Congress selectively offer incentives to the Wind industry, when the most are foreign companies that simply see it as a cash cow?

If it's ultimately about "Green" Energy" and job creation than allowing the PTC to expire will force these companies to stand on their own and you will see the technology advance much quicker. If there is profit to be made the technology will be advanced to align with it, but not if Congress simply keeps filling their pockets. If any incentives are to be offered it should be directly for technology and efficiency advancement, not for a multi-billion dollar company to put up another wind farm. The investment in technology advancements would be a small percentage of what is currently spent through the PTC. It could be set up much the same way as NASA funds various programs and the technology would be shared. After all it's about "Clean Energy" and Jobs, not advancing the profitability of a few companies.

I respectfully urge the committee NOT TO EXTEND the wind energy production tax credit.

BOND INVESTMENT GROUP

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Tel: (303) 948-3712
Fax: (866) 801-3618
Email: Bondma@cs.com

To: House Ways and Means Committee CC:

From: Michael Bond

Date: 4/4/12 5/10/2012

Re: We OPPOSE the extension of the Production Tax Credit

Pages w/ Cover: 1

Comments:

I am a renewable energy expert, former international energy company CEO, and advisor to over 70 of the world's largest utilities and energy companies. I strongly oppose extension of the PTC because:

1. Wind turbines do not lower greenhouse gas emissions or fossil fuel use because wind is so erratic that fixed generation (usually fossil-fueled) must always keep running as backup.
2. Every major study worldwide has found that major wind turbine projects result in no reduction of fossil fuel use or CO2 emissions.
3. However wind projects have drastic negative impacts on human health, property values, social values, the environment, and visual beauty.
4. Our nation is $16 trillion dollars in debt. This debt is increasing by $3.5 billion every day. Any additional expenditure such as the PTC will only add to this monumental debt, will incur interest payments for years and generations, and perhaps can never be repaid.
5. Stand up for the American people, not the oil companies that own 82% of all wind projects. No more corporate welfare!
6. Who do you work for, anyway?

Investment Banking ***Oil, Gas & Power Development*** ***Real Estate***
Software Development ***Information Technology*** ***Import/Export***
Power Project Development ***Energy M&A*** ***Refining & Crude Operations***

BOREAS
RENEWABLES

Boreas Renewables, LLC
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Krich@BoreasRenewables.com
www.BoreasRenewables.com

April 24, 2012

To: House Ways and Means Committee
From: Abigail Krich, President, Boreas Renewables, LLC
Subject: Comments on extension of the wind energy Production Tax Credit (PTC) for April 26, 2012 Hearing on Certain Expiring Tax Provisions

I founded Boreas Renewables, LLC in July 2008 as a consulting practice based in Somerville, MA to assist renewable energy project developers is the Northeast with their development activities. As the economy sank into recession that year, my business flourished. The stable policies encouraging renewable energy development, particularly the PTC, encouraged significant investment in this sector even as other sectors of the economy declined.

I have led a successful small business for nearly four years now. Yet as the economy has been recovering this year, renewable energy development and my business prospects have slowed down. With the looming expiration of the PTC at the end of the year, investors are wary about investing additional money in projects that are not yet construction-ready. Projects I have worked on for a number of years have put their development on ice until there is clarity around a PTC extension. New England engineering firms I do business with that have been expanding for several years are now having a difficult time keeping their employees busy as development slows.

The wind energy development cycle in the northeast is typically 4-8 years and each project requires millions of dollars of at-risk private investment in the early stages before it is clear whether it will be successful. This type of risky, long-term investment cannot be sustained at high levels when the policies that encourage them are uncertain. The past eight years with the PTC in place have seen enormous increases in wind-related jobs and investment, but as we saw in the years prior to this period when the PTC was allowed to expire, we risk losing most of that progress if the PTC is not extended.

By extending the PTC early in 2012, we can send the right signals to investors and employers to continue growing. If we allow the PTC to expire, or nearly expire, before extending it, the signal is that the US is not serious about this industry's growth and that investment dollars should go elsewhere.

I strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Thank you,
Abigail Krich
President, Boreas Renewables, LLC

Written Statement of John Graham, President and CEO, BP Wind Energy North America, Inc.

Select Revenue Measures Subcommittee Hearing on Certain Expiring Tax Provisions

Committee on Ways and Means, May 10, 2012

I am John Graham, President and CEO of BP Wind Energy North America, Inc. ("BP Wind Energy"), a leading U.S. wind project developer, owner and operator based in Houston, Texas. I am submitting this written statement in connection with the "Hearing on Certain Expiring Tax Provisions" which took place before the House Committee on Ways and Means, Select Revenue Measures Subcommittee ("Subcommittee") on April 26, 2012, in order to urge Congress to extend the wind energy production tax credit ("PTC") as quickly as possible.

BP Wind Energy, which entered the U.S. renewable energy market in late 2005, is a business Unit within BP which is one of the world's largest energy companies. In the U.S., BP has approximately $52 billion in assets and employs some 23,000 staff. The company's main businesses are exploration and production of oil and gas, refining, manufacturing and marketing of oil products and petrochemicals, and the transportation and marketing of natural gas.

With a growing business in wind power and advanced biofuels, BP has invested approximately $7 billion in alternative energy development. BP Wind Energy is a principal owner and operator of wind power facilities with interests in 13 wind farms. Today, BP Wind Energy has a gross generating capacity of 1,955 MW – enough electricity to power over 586,000 average American homes. By the end of this year, BP Wind energy expects to have completed development of three more wind farms that will generate over 600 additional MW of electricity, which will secure BP Wind Energy's position as being among the top five U.S. wind developers. By the end of 2012, BP Wind Energy will have built and will be operating approximately $5 billion worth of wind farms in the United States.

We believe Chairman Tiberi of the Select Revenues Measures Subcommittee is leading both an important and necessary effort by the Subcommittee to examine more than 100 expired or expiring tax provisions to determine which warrant further extension. It is our understanding that the criteria the Subcommittee will be using to determine which of the provisions are worthy of extension include whether the extender in question will: positively impact U.S.

jobs; contribute to a U.S. economic recovery; and whether, as a policy matter, it will continue to achieve what it was originally designed to accomplish.

A Successful U.S. Tax Policy That Achieves What Was Envisioned While public discussion often focuses on tax outflows from the U.S. Treasury, it is important to keep in mind that the PTC has stimulated material new investment in wind energy that dwarfs what the Treasury has forgone in tax revenues. By the end of 2012, it is generally estimated that U.S. wind generated power will account for between 4 and 5 percent of all electric generation in the United States. The PTC and the investment it has brought have also led to numerous technological improvements including in the areas of wind turbine efficiency, micro-siting, weather forecasting and energy storage. All of this has greatly increased the capacity factors and overall efficiency of what has been considered an intermittent energy source and has lowered the cost of wind energy to consumers. Wind energy is well on the road to achieving grid parity and we implore Congress not to abandon this very promising, home-grown source of energy that contributes both to energy independence and diversity.

Creates U.S. Jobs The wind Industry has grown very significantly since the last expiration of the PTC in 2003. Today, there are over 400 domestic manufacturers of wind turbine components, that account for some 20,000 manufacturing and supply chain jobs in this country. Indeed, so many new U.S. jobs have been attracted to the U.S. from overseas as a result of domestic wind development that the average American wind farm has gone from about 25% domestic content to more than 60% U.S. content today. Another 58,000 jobs reside in development, engineering, construction and operation of wind energy facilities.

Contributes to U.S. Economic Recovery Many of the U.S. wind industry jobs have been created in rural areas particularly hard hit by the most recent economic down-turn. In addition to the manufacturing and supply chain jobs, good, skilled permanent jobs are created when each new wind farm becomes operational. Many thousands of construction jobs contribute to the building of those facilities. Moreover, there are the significant "knock-on" economic effects in any community that come with building a new wind farm. These include everything from an increased demand for housing, food and services, to the royalty payments that are paid to landowners on whose land the wind farms are constructed, to the property taxes that flow into local communities to improve schools, roads and other infrastructure.

The U.S. wind energy industry sought without success to obtain a one-year PTC extension by the end of the first quarter of 2012. The reason for seeking action prior to expiration of the credit is that the PTC is a credit only against the actual production of energy. Congress may act on the extension during a "lame duck" session. However, since project development lead time can take up to a year, unless a project is shovel-ready at the time the Congress acts, there may be insufficient time to construct new projects before the credit expires again. Therefore, while a one year extension is critically important, a slightly longer extension would send a signal that could truly jump-start the industry and get those who have already lost their jobs back to work.

BP Wind Energy does not discount legitimate concerns over government spending and support the efforts of the Ways and Means Committee and the Congress as a whole to take a hard look at the existing extenders. Nonetheless, we believe that the PTC should survive the welcome scrutiny that the Subcommittee is applying. We also know that even with respect to those extenders that pass muster in that regard, many in Congress are looking for what has been called "a light at the end of the tunnel." They seek a commitment from our industry to phase-down its reliance on the PTC, with the expectation that in the not-too-distant future, a PTC will no longer be necessary. While there is much that is unknown including the future pricing of natural gas, BP Wind Energy is willing to make that commitment.

Without at least a one year extension of the PTC, many manufacturing and development jobs will be lost; the supply chain will be seriously disrupted; and it could be harmed irreparably. Our own development plans have already been negatively affected by the continuing uncertainty over a PTC Extension. I strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Finally, I would like to thank the Chairman of the Subcommittee, Congressman Tiberi, for calling this important hearing and for the opportunity to comment in writing. I look forward to working with the Subcommittee and the Committee to extend the PTC.

John Graham
President and CEO
BP Wind Energy North America Inc.
700 Louisiana Street 77002
Houston, Texas
E-mail: c/o reyna.danjoy@bp.com
Tel: 713-354-4816

May 10, 2012

Statement of Brad Patterson

*[**I, Brad Patterson, Project Designer, Dunkirk, Indian, 47336]** respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.*

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Dogfish Head Craft Brewed Ales

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Fax: 302-684-0541
www.dogfish.com
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Dogfish Head Brewings & Eats
320 Rehoboth Avenue
Rehoboth, DE 19971
302-226-2739

Sam Calagione
President

May 9, 2012

The Honorable Patrick J. Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515-6348

Dear Chairman Tiberi:

On behalf of the Brewers Association – the national trade association for America's small brewers – I would like to thank you for scheduling your recent Subcommittee hearing to consider certain tax provisions that either expired in 2011 or will expire in 2012 (also known as "tax extenders"). I also am writing to respectfully request that the Subcommittee and the full Ways and Means Committee consider incorporating bipartisan legislation, H.R. 1236 (the Small Brewer Reinvestment and Expanding Workforce Act), in any tax extenders package or other legislative vehicle that comes before the Subcommittee or the full Committee this year.

The Brewers Association recognizes that H.R. 1236, which calls for the first recalibration of the excise tax on America's small brewers in 36 years, is not technically a tax provision that expired in 2011-2012. However, this recalibration is long overdue, and it enjoys strong bipartisan support on the Ways and Means Committee and in the House of Representatives generally. The bill was introduced by Ways and Means Committee member Jim Gerlach, and, at present, 22 other members of the Ways and Means Committee have co-sponsored it. In all, the bill has 163 co-sponsors, and companion legislation introduced in the Senate (S. 534) by Senators Kerry and Crapo has 38 co-sponsors.

• Page 2 May 9, 2012

The substantive basis for this legislation is compelling. The excise tax recalibration envisioned in H.R. 1236 will assist America's small brewers in expanding their production capacity, fostering economic development and creating more well-paying jobs in towns and cities across our nation. Today, small brewers employ nearly 100,000 full- and part-time workers, and generate more than $3 billion annually in wages and benefits. This is a growing, dynamic industry, and H.R. 1236 would help the industry develop even more.

Thank you in advance for your consideration of this measure.

Sincerely,

Sam Calagione
Chairman, The Brewers Association
Founder and President, Dogfish Head Brewery

cc: The Honorable Dave Camp, Chairman, Committee on Ways and Means
The Honorable Sander M. Levin, Ranking Member, Committee on Ways and Means

Statement of Brian Lang

6752 Quail Place NE

Roanoke VA 24019

April 24, 2012

To Whom It May Concern:

I am writing to express my strong support for extending the Product Tax Credit for electricity produced using wind.

My professional career of over twenty years as a mechanical engineer for manufacturing companies has shown me that American manufacturing jobs are critical to our nation's well-being. Incorporating the Production Tax Credit in long-term plans for investment in commercial wind farms is critical to energy companies. Your vote is critical to this Production Tax Credit. The connection between your vote on this issue, and the creation of American manufacturing jobs, is a strong connection.

While I do not work in the wind energy industry, I have friends who do, at GE's Salem, Virginia plant, which is right around the corner from where I happen to work. We know for a fact that jobs from wind energy are not a pie-in-the-sky, nebulous concept. They are real. Those jobs put paychecks in the pockets of people I know personally. Those jobs put food on the table in homes right here in the Roanoke Valley.

Please provide whatever support you can for a long-term extension of the Production Tax Credit for electricity produced using wind.

Thank you,

Sincerely,

Brian Lang

BRAD FOOTE GEARWORKS

Precisely

Dear House and Ways and Means Committee member(s)

I, Tom Eul, Manufacturing Engineer, Brad Foote Gear Works, in Cicero IL, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Brad Foote Gear Works is a direct supplier of gearing systems for wind turbines and other ene rgy applications that require heavy, course gearing. We supply product to major wind turbine su ppliers, two of them being GE and Clipper Wind Power. Back in 2007 and 2008, we at Brad Foote saw record amounts of product going to these two, as well as other gearing customers. As gas a nd oil reached a record high, and our country looked for energy alternatives, we tooled our shop to produce and ship over 12 million dollars of wind product to our customers a month. Wind power was gaining strength and we look forward to many years o f growth and strong sales.

As we all know, the recent recession has taken its toll on many facets of business. Brad Foote, at the height of the wind 'boom', employed over 500 people. It was a thriving company and was still growing at a record rate. We had workers working overtime, and had training programs in h ouse where employees were trained in a class room style, as well as on-the-shop-floor training. As wind power became less and less noticed, and the price of oil came down, Brad Foote was hit with very hard economic times. We reduced our work force to our current numbe r of 125 employees, as we struggled to stay afloat. To this day, we still feel the effects of the dow n turn of the economy. But more importantly, the lack of investment in alternative energy, in ou r case wind power, keeps our company at a level where it is difficult to stay competitive with our competitors.

The passing of the PTC extension is critical to American manufacturers. It will free up cash for c ompanies to invest in better technology, grow their businesses, and provide a good start to bring American manufacturing back to what it was before the recession began. Please act quickly.

Thank you for your time

Sincerely,

Tom Eul
Manufacturing Engineer
3210 S Cicero
Cicero IL, 60804

3250 S. Central Ave Cicero IL, 60804
Main 708-298-1100
Fax 708-298-1012

Statement of Built In Gains Coalition

April 26, 2012

Extend the 5-Year Holding Period for Built-In Gains

Dear Members of the House Ways and Means Committee:

As representatives of America's small and closely-held businesses, we respectfully encourage you to extend the 5-year holding period for built-in gains, a key provision of the bipartisan S Corporation Modernization Act (HR 1478) introduced by Ways and Means Committee members Dave Reichert (R-WA) and Ron Kind (D-WI).

Small businesses are the engine of America's economic growth and S corporations are the cornerstone of the small business community. There are nearly 4.5 million S corporations nationwide. They are in every community and every industry. A recent study by Dr. Robert Carroll (Ernst & Young) found that S corporations are a significant source of jobs as well, employing one out of every four private sector workers.

Unlike public companies, these closely-held businesses have little or no access to the public capital markets. They rely on banks, they rely on relatives, and they rely on their own assets for investment and working capital. An overly long built-in gains tax exacerbates this disadvantage by preventing converted S corporations from putting the capital they already control to better use.

S corporations should not be blocked from accessing their own capital; these are critical resources that allow private companies to grow their businesses, create jobs, and remain competitive.

On behalf of America's Main Street business community, we respectfully ask that you extend the 5-year holding period for built-in gains.

Thank you for your consideration.

Sincerely,

American Council of Engineering Companies
Associated Builders and Contractors, Inc.
Independent Community Bankers of America
National Beer Wholesalers Association
National Federation of Independent Business
National Funeral Directors Association
National Small Business Association
Printing Industries of America
Professional Beauty Association
Roofing Contractors Association
S Corporation Association
U.S. Chamber of Commerce
Wine and Spirits Wholesalers of America

Statement of Burton Callicott

I, Burton Callicott, a College Librarian in Charleston, SC, *respectfully urge Congress to extend the wind energy production tax credit (PTC).*

At a time when we are faced with diminishing oil and coal reserves, it is vital to encourage all forms of alternative, renewable energy sources including wind energy. Even interrupting current incentives for a short period of time would set this industry back significantly and potentially be even fatal.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. Just off the coast of South Carolina near my home is one of the best locations for a wind farm in the whole country. Developing this resource would bring in construction jobs at first, and maintenance jobs in the long term, and generate revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Thank you for your consideration,

Burton.

Burton Callicott

2150 Edisto Ave.
Charleston, SC 29412

Business Roundtable

Statement of Business Roundtable for the Record
House Ways and Means Committee
Subcommittee on Select Revenue Measures
Hearing on Expiring Tax Provisions
April 26, 2012

The Honorable John M. Engler
President, Business Roundtable

Recommendation

Business Roundtable welcomes this hearing providing an examination of the extension of expired and expiring tax provisions. Business Roundtable believes that the tax system plays an important role in determining job creation, economic growth, and the competitiveness of U.S. businesses. For this reason, Business Roundtable strongly supports the immediate and seamless extension of the expired business tax provisions from last year, including the research credit and important international provisions discussed below, as well as the temporary continuation of the 100 percent bonus depreciation rules that expired at the end of 2011.

Given the uncertainty created by not knowing what the state of the law may be and given the competitive pressures of the global market, an immediate and seamless extension of these provisions will provide immediate benefits to the U.S. economy. Business Roundtable further urges that Congress move forward as soon as possible on a process to enact corporate tax reform providing a modernized, competitive and permanent tax system that eliminates confusion and uncertainty for America's job creators. Tax reform is absolutely essential to economic growth and job creation to be competitive in world markets today. A competitive corporate tax rate comparable to the OECD average and a competitive territorial tax system similar to the rest of the world are two essential components of corporate tax reform.

* * *

Introduction

Business Roundtable (BRT), the association of chief executive officers of leading U.S. companies, represents member companies with over $6 trillion in annual revenues and more than 14 million employees. BRT member companies comprise nearly a third of the total value of the U.S. stock market and invest more than $150 billion annually in research and development -- nearly half of all private U.S. R&D spending. Our companies pay $163 billion in dividends to shareholders and generate an estimated $420 billion in sales for small and medium-sized businesses annually. Business Roundtable commends Chairman Tiberi and Ranking Member Neal for their bipartisan support for tax reform. The current tax system has not been thoroughly examined in over 25 years. Over this time period the rest of the world has modernized their tax systems and today we find the U.S. tax system a significant obstacle to the competitiveness of U.S. companies and their American workers.

Business Roundtable CEOs are firmly dedicated to business tax reform that results in a permanent, modernized and simplified tax code to increase the competitiveness of the United States as a location for investment and employment by both U.S.-based and foreign-based companies. Our policies should strive not only to make us competitive with other world economies, but to make the United States the best place in the world to launch a career, headquarter a business, hire employees and conduct business operations.

Major structural features of our tax code have harmed U.S. competitiveness. While extension of expiring provisions is no substitute for the urgent need for competitive tax reform, failure to extend these provisions before Congress can complete work on tax reform will only further diminish America's competitive position and result in significant deleterious effects on business expansion and job growth. Congress should immediately and seamlessly extend the expired business tax provisions from last year, including the research credit and important international provisions -- specifically, active financing income and "look through" rules -- and provide an extension of temporary 100 percent bonus depreciation to promote the economic recovery and increase private sector employment.

Tax Extenders

Much longstanding business tax policy exists in the tax code today in the form of temporary provisions. The Joint Committee on Taxation identifies 101 tax provisions as either having expired in 2011 (60 provisions) or expiring in 2012 (41 provisions). By comparison, in 1999 the comparable count was just 12 provisions. The enactment of provisions on a temporary basis rather than permanent results in diminished incentive effects and contributes to unnecessary business uncertainty. Any business that treated its customers in the way the government runs the tax code -- not telling its customers the prices charged to them until after they had made their purchases -- would find its customers leaving to a more reliable competitor.

While the best solution to fixing our corporate tax system is permanent reform, we cannot afford to let important existing business provisions expire before a permanent tax code is in place. Extension of these provisions should not be controversial. The Administration has also called for the extension of the expiring business provisions in its FY2013 Budget.

Business Roundtable strongly supports the seamless extension of business tax provisions that expired at the end of 2011 and especially notes the importance of extending the research credit, the active financing provisions, and "look through" rules as structural provisions of the tax code. The policy goals of these three provisions should also be supported in a permanent, reformed tax system in order to drive innovation and international competitiveness. In addition, the temporary 100 percent expensing (100 percent "bonus depreciation") provision enacted in 2010 to speed economic recovery should be extended to solidify the recovery and job growth in 2012.

Research Credit. The research credit is an example of a structural tax provision enacted on a temporary basis. The research credit was implemented in order to increase research activity by American businesses. It has been extended on 14 separate occasions since its initial enactment in 1981. The credit has frequently been extended retroactively, most recently in December 2010 as part of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, which extended the credit retroactively to the beginning of 2010 and prospectively through the end of 2011. In the 31 years since its original enactment, it has been in place for all but one year when the credit expired and was not retroactively extended (July 1, 1995-June 30, 1996).

As noted by the Treasury Department, the research credit provides a strong incentive for businesses to expand their research efforts. Because scientific advancements through research are a form of a "public good," the benefits of which are not fully received by the company undertaking the research, businesses under invest in R&D activities relative to the economy-wide benefits of this spending.

The research credit directly supports employment. Approximately 70 percent of research costs that qualify for the credit are labor costs. Companies receiving the credit employ one million domestic researchers. The research credit supports innovation in manufacturing, with nearly 70 percent of research credits claimed by manufacturing companies.

Active Financing Income. A basic principle of the U.S. tax system is that active foreign business earnings of subsidiaries of U.S. companies are not taxed in the United States until such earnings are remitted back to the U.S. parent. This basic principle of deferral has also been the law for active financial services income for nearly the entire history of the tax code, until changed in 1986. Since 1997, the principle of deferral for active financial services income has been a temporary provision of the tax code, and has been extended numerous times. The current temporary provision expired at the end of 2011.

U.S. financial service companies -- including banking, securities, and insurance companies -- compete in foreign markets around the world with other financial institutions to provide financial services locally to foreign customers. Commercial clients of these financial service companies look to a financial institution that can meet their needs worldwide -- not just in the United States. The ability of U.S. financial service companies to be competitive in foreign markets increases the jobs they provide in the United States. In addition, U.S. financial service companies providing their services to foreign customers can help boost exports of U.S. goods by assisting in the financing of these goods to foreign customers.

In the absence of the active financing temporary provision U.S. financial service companies would face a significant tax disadvantage relative to their foreign-headquartered competitors. Failure to extend this provision would harm the competitiveness of U.S. companies and reduce U.S. jobs.

"Look-through" rule. A temporary provision of the tax code allows U.S. companies to redeploy income between a foreign subsidiary earning active business income and a related foreign subsidiary in another country through the payment of dividends, interest, rents, or royalties without being subject to current U.S. taxation on the payment. The look through rule "looks through" to the underlying source of income to determine whether such income is active foreign business income eligible for deferral or passive income that would be subject to current U.S. taxation.

The look through rule was first effective in 2006 and has been extended twice since its original enactment. The look through rule expired at the end of 2011.

The look through rule permits income to be redeployed among related foreign subsidiaries in an efficient manner. Because the cost of financing through internal funds is generally lower than use of external funds, a firm will generally first wish to utilize internal funds before tapping external sources of finance. The look through rule allows a multinational company to redeploy internal funds between foreign subsidiaries without creating a tax barrier to such transfers.

The look through rule helps maintain the competitiveness of U.S. companies operating in foreign markets. In the absence of the look through rule, foreign operations might require greater use of external funds or greater reliance on funds drawn directly from the U.S. parent. Most of our foreign competitors operate under territorial tax systems that facilitate the redeployment of foreign earnings. Strong and internationally competitive U.S. companies increase U.S. employment and the strength and vitality of the U.S. economy.

100 Percent Expensing (100 percent "bonus depreciation"). Temporary partial expensing at a 30 percent rate for equipment and machinery was first enacted to boost economic recovery in 2002 and 2003 for investments made on or after September 11, 2001 and before January 1, 2005. The provision was later enhanced to provide 50 percent partial expensing and expired at the end of 2004. In 2008, partial expensing was enacted at a 50 percent rate as part of the Economic Stimulus Act of 2008 and was later extended through 2010.

The 100 percent expensing provision was enacted in December 2010 to provide full expensing for investments made after September 8, 2010, and on or before December 31, 2011. The December 2010 law provided that after the expiration of 100 percent expensing, 50 percent expensing continues through December 31, 2012.

Studies reviewed by the Treasury Department support expensing as an effective investment stimulus. In view of the significant ongoing worldwide economic uncertainty, Business Roundtable supports continuation of 100 percent expensing for 2012.

Tax Reform

Reform of the U.S. corporate tax system and its treatment of international income are of significant importance to the growth of the U.S. economy. U.S.-headquartered companies with operations both in the United States and abroad directly employ 23 million American workers and they create over 40 million additional American jobs through their supply chain and the spending by their suppliers and employees. The ability of American companies to be competitive in both domestic and foreign markets is essential to improving economic growth in the United States, reducing high rates of U.S. unemployment, and providing for rising American living standards.

The U.S. corporate income tax system today is an outlier relative to the tax systems of our trading partners at a time when capital is more mobile and the world's economies are more interconnected than at any time in history.

The combined U.S. federal and state statutory corporate tax rate is now the highest in the OECD, 14 percentage points above the average of other OECD countries. A competitive corporate tax rate is an essential element of meaningful corporate tax reform.

The United States is also the only G-8 country that taxes the worldwide income of its corporations. Within the OECD, 26 of the 34 countries use territorial systems for the taxation of foreign earnings, whereby little or no additional home country tax is imposed on active trade or business profits earned abroad when those earnings are remitted home. Japan and the United Kingdom adopted territorial tax systems in 2009 to promote the competitiveness of their locally headquartered multinationals and boost their economies. The U.S. worldwide system of taxation significantly magnifies the damage done by the high U.S. corporate tax, and significantly impairs American businesses competing in world markets.

Since the time of the last major reform of the U.S. corporate tax system in 1986, the world's economies have become increasingly integrated. The importance of cross-border trade and investment has grown significantly, with worldwide cross-border investment rising six-times faster than world output since the 1980s.

Today, the U.S. corporate tax system hinders the ability of U.S. companies to grow and compete in the world economy with the consequence of less investment in the United States and a more slowly growing economy with fewer job opportunities for American workers. The ability of American companies to compete and invest abroad is vital for opening foreign markets to U.S.-produced goods and expanding the scope of investments in R&D and other activities in the United States.

As Congress undertakes tax reform, critical decisions will be made that will affect the ability of the U.S. economy to grow, create jobs, and allow American workers and the companies that employ them to be competitive in the world economy. A thorough evaluation of the tax code will be necessary to determine which policies should be changed and which temporary policies should be made permanent. In making these determinations, it is critical that Congress focus on the importance of economic growth and the significant gains that can be achieved through a more efficient and competitive tax system.

Business Roundtable fully supports your vigorous pursuit of corporate tax reform.

Conclusion

Business Roundtable appreciates the ongoing work of the Ways and Means Committee and this Subcommittee in its focus on tax reform to improve the competitiveness of the U.S. economy and increase jobs and wages of American workers. While permanent tax reform is essential for this purpose, before this important work can be completed it is necessary to provide the seamless extension of the business tax provisions that expired at the end of 2011, including the research credit and the important international provisions, as well as 100 percent bonus depreciation for 2012. As shown in this testimony, important structural features of our tax code are currently carried out through these temporary provisions. Their expiration before a new permanent tax code is in place would diminish the competitiveness of American businesses and place at risk millions of U.S. jobs that depend on the ability of U.S. companies to compete in markets around the world.

On behalf of Business Roundtable, I look forward to working closely with this Committee and Congress on the immediate extension of these tax provisions and toward the overriding objective of tax reform.

Supplemental Sheet

Statement on behalf of Business Roundtable

Submitted by:

The Honorable John M. Engler
President, Business Roundtable
300 New Jersey Avenue, NW Suite 800
Washington, DC 20001
Phone: 202-872-1260

Email: jmcconville@brt.org

Hearing: Hearing on Expiring Tax Provisions, April 26, 2012

Statement of Carl Oerke, Jr.

CARL N. OERKE, JR.
264 LEXINGTON DRIVE
RIVER EDGE, NJ 07661-1006
(201) 489-0867
carl_oerke@yahoo.com

24 APRIL 2012

I, Carl N. Oerke, Jr. a medical technologist by trade in Allendale, NJ respectfully, urge Congress to extend the wind energy production tax credit as soon as possible.

America has depended on dirty fossil fuels (oil and coal), natural gas and unsafe nuclear power for its energy needs for many years. This has led our country to be dependent on foreign countries for our energy needs and has necessitated supporting foreign countries with repressive regimes that support terrorist activities at very large cost in money and the lives and well being of our armed forces.

Much to the dismay of the 72% of the American public that wanted to end subsidies to the large oil companies those subsidies continue on. The recent expansion of oil exploration and recovery in our country has lead to unsafe practices like hydraulic fracturing (fracking) that pose environmental dangers to our citizens, contamination of our ground water and the possible causation of earthquakes.

The wind energy production tax credit will drive private investment in clean, sustainable domestic energy that does not put our citizens at risk. It will also create jobs in this country during a recession another positive. Finally, the production of wind energy will not contribute to the climate change problem.

Therefore extending the wind energy production tax credit is a no-brainer that will increase energy production and energy independence, create jobs, and not put the lives of our servicemen and women at risk and is good for the environment.

That is why I urge Congress to extend and increase the wind energy production tax credit.

Sincerely,

Carl N. Oerke, Jr.

Statement of Carol Buck

TO: Ways And Means Committee

FROM: Carol Buck 16648 Harrison St. Livonia, MI 48154

RE: Hearing on Certain Expiring Tax Provisions

I, Carol Buck, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

To continue this tax credit is an important part of the efforts we should be making to switch our energy resources to viable, non-oil related resources. Let us be realistic. Not only are the dwindling oil resources costing more and more to locate and produce, they are polluting just in the production. In addition, if we burn all of the oil in the remaining reserves we will be adding an unsustainable level of pollution to the planet. Just as the United States was at the forefront of the industrial, automotive and computer industries, we need to be in the forefront of the alternative energy industry. It is not only because it is the right thing to do for the planet, but it is the right thing to do for the economic growth of our country. We cannot afford to bury our heads in the sand and wait for other countries to grab the lead in this area, as many are threatening to do. Do not let the powerful oil industry continue to push their agenda at the expense of our country's welfare.

The wind energy production tax credit PTC drives billions of dollars in private investment in homegrown American wind power each year. It also increases the amount of power that our country gets from clean, homegrown, affordable resources and is an excellent thing for us to do as we move into the 21st century and end oil dependency. Every time I, and many other Americans, see a wind turbine we feel confident that we are moving in the right direction to solve our energy problems.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Carol Frigault

Carol A Frigault
129 Below Rd
Richfield Springs, NY 13439
Carol@Uticaromeinsurance.com
315-858-0549

United States Committee on Ways & Means

Distinguished members:

I am writing to you today to express my **strong opposition** to the extension of the production tax credit and the investment tax credit for renewable energy, namely wind energy. This industry has taken the tax dollars of hard working Americans and produced no meaningful energy benefit. This failed technology has been promoted by wind industry lobbyists, for the benefit of huge corporate profits, at the expense of ordinary people and the environment.

In my town, a wind developer proposed an 18 MW project with a substation. The cost of the project was estimated at $40,000,000. Our average wind speed is around 12.6 miles/hour, which barely makes it a viable site. When we calculate the average wind speed and a 25% utilization rate of the turbine, the project would produce roughly $800,000/yr. in electricity. So before any expenses, based on a generous 25 life expectancy of the turbines it will generate $20,000,000 in revenue. No business would do this! This is not a new industry, they have been taking our tax dollars for 30 years, and what do we have to show for it? There are over 30,000 wind turbines in America and they do not produce even 1% of our energy needs. Wind is intermittent, and by its very nature cannot be a reliable form of energy.

Please stop the funding of this destructive industry. Wind energy development is ruining some of the most pristine dwindling environments; it destroys migratory birds, and bats. There are some awful health effects on the people that are forced to live near these turbines, and it decreases the property values of hard working Americans that are unfortunate enough to have turbines placed near their homes. By sending our tax dollars to foreign companies it is destroying our economy, and deterring real job growth for Americans with viable industry. $14 billion last year alone was given to them via the production tax credit, the more recent investment tax credit, and other tax and regulatory provisions, as well as loan guarantees and outright grants. You need to be more fiscally responsible.

We need a sustainable energy policy, but I urge you to allow the scientific community to develop reliable solutions, not lobbyist. Please be responsible with our limited tax dollars and END the Production Tax Credit, the Investment Tax Credit, and any other Federal support of industrial wind energy.

Sincerely,

Carol Frigault

Statement of Carol Keck

April 24, 2012

Ways and Means Committee

Dear Committee Members:

Regarding: Hearing on Certain Expiring Tax Provisions

I, Carol Keck, a working Mom in Greensboro, NC, urge Congress members to renew the wind energy production tax credit (PTC) as soon as possible.

Please do it right away so that companies and their employees will be able to plan and carry on with their business. Do not wait until the last minute, please! We need small businesses and we need the jobs they create. Wind energy provides both. It also provides energy necessary to run our growing country.

I urge you to support PTC so that the investment of billions of dollars will continue in American communities. Think of what the revenue generated from these businesses and employees mean to our communities: increased funding for schools, hospitals, and infrastructure to name a few. Best of all, with wind energy we would be growing our own energy – homegrown energy for American people.

Please support wind industry!

Sincerely,

Carol Keck
1607 Red Forest Rd
Greensboro, NC 27410
(336) 558-6305
ckeck@triad.rr.com

Comments for the Record

House Committee on Ways and Means

Subcommittee on Select Revenue Measures

Hearing on Certain Expiring Tax Provisions

Thursday, April 26, 2012, 10:00 AM

By Michael G. Bindner

Center for Fiscal Equity

Chairman Tiberi and Ranking Member Neal, thank you for the opportunity to submit these comments for the record to the House Ways and Means Committee Subcommittee on Select Revenue Measures.

Doing nothing is a possible solution to almost every issue, especially expiring tax provisions. While this is possible, it is not likely, as each of these provisions has adherents, as testimony, comments submitted for the record and calls to staff have likely demonstrated. If the economy is more robust in December than current forecasts suggest, there is always the possibility that these provisions will be allowed to expire by the President with all other temporary tax provisions if the House majority proves intransigent on negotiations to increase revenue. Indeed, the hint that he might do so may be the strongest impetus to compromise, as wealthier citizens have much more to lose from letting the Clinton era tax rates concern than the average taxpayer.

Congress and the Administration could do the minimum required. Sadly, this is the most likely scenario given the state of the national economy. The most likely way is to delay action until after the election and, as a package, extend the debt limit through December 2013 in exchange for extending the expiring income, payroll, unemployment and medical payment provisions for an equal period of time, including extending the temporary tax provisions while accepting the temporary pain of one year of sequestration.

A slightly more ambitious version of this scenario, which leaves less to chance as far as the impact of the election (as a lame duck President has no interest in any compromise at all) is to extend the debt limit, doc fix suspension, temporary expiring tax cuts, the payroll tax cut, extended unemployment and tax rates for middle class and wealthy taxpayers through December 2013 in exchange for making certain tax cuts for lower income Americans permanent, including the 10% tax rate and expanded Child Tax Credit – offsetting some or all of the spending cuts that have already been agreed to. This allows discourse on tax reform without holding our most vulnerable citizens hostage.

Should the President indicate that he is likely to let gridlock rule the day, a medium ball solution is more likely. Opposition to a balanced solution will evaporate should he hint he will accept automatic tax cuts increases, as major Republican donors tell their members to compromise. The balanced solution is some combination of the cuts and tax reforms supported by the majority of the Fiscal Commission, also known as Bowles-Simpson, and the proposals of the Bipartisan Policy Center, also known as Rivlin-Domenici. Many of these proposals are similar and where they coincide seems like a fruitful place to start drafting legislation. Using the congressional budget process to begin enacting these provisions could occur in regular order, with the Department of the Treasury playing a supporting role in writing tax reform language. Under such a scenario, many expiring tax provisions could fall, but this is less likely without radical change.

The large ball game would be to actually balance the budget and enact radical reform in entitlement revenue and spending provisions, a shift from income taxes for most filers to consumption taxes and higher tax rates on those most ability to pay. The Center for Fiscal Equity proposes a large ball solution with four major provisions:

- A Value Added Tax (VAT) to fund domestic military spending and domestic discretionary spending with a rate between 10% and 13%, which makes sure very American pays something.
- Personal income surtaxes on joint and widowed filers with net annual incomes of $100,000 and single filers earning $50,000 per year to fund net interest payments, debt retirement and overseas and strategic military spending and other international spending, with graduated rates between 5% and 25% in either 5% or 10% increments. Heirs would also pay taxes on distributions from estates, but not the assets themselves, with distributions from sales to a qualified ESOP continuing to be exempt.
- Employee contributions to Old Age and Survivors Insurance (OASI) with a lower income cap, which allows for lower payment levels to wealthier retirees without making bend points more progressive.
- A VAT-like Net Business Receipts Tax (NBRT), which is essentially a subtraction VAT with additional tax expenditures for family support, health care and the private delivery of governmental services, to fund entitlement spending and replace income tax filing for most people (including people who file without paying), the corporate income tax, business tax filing through individual income taxes and the employer contribution to OASI, all payroll taxes for hospital insurance, disability insurance, unemployment insurance and survivors under age 60.

Under this scenario, many temporary tax provisions would no longer be needed, since the nature of the tax code would change. With the expiration of the corporate income tax, provisions granting exceptions to it would not longer be necessary and would stick out like a sore thumb when attached to any kind of consumption tax covering both wages and profits. Likewise, the income surtax we propose will have few, if any, deductions. Radical reform is the surest way to overcome resistance to allowing tax extenders to permanently expire.

Thank you for the opportunity to address the committee. We are, of course, available for direct testimony or to answer questions by members and staff.

Contact Sheet

Michael Bindner
Center for Fiscal Equity
4 Canterbury Square, Suite 302
Alexandria, Virginia 22304
571-334-8771
fiscalequity@verizon.net

Committee on Ways and Means
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
Thursday, April 26, 2012, 10:00 AM

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears:

This testimony is not submitted on behalf of any client, person or organization other than the Center itself, which is so far unfunded by any donations.

Statement of Chad Glinsky

To whom it may concern:

I, Chad Glinsky, am a recent graduate with a Master of Science in Mechanical Engineering (MSME), and I urge Congress to extend the wind energy production tax credit (PTC). Upon completing my MSME degree in December 2011, I have resided in Colorado and searched for employment within the wind energy industry. The area surrounding Boulder, Colorado is considered a capital of wind energy engineering, due partly to the National Wind Technology Center being located just to the south. This area is where I have focused my job search efforts.

My academic history includes graduating Valedictorian of my high school, graduating number two in my undergraduate class in Mechanical Engineering at Michigan State University, only behind a gentleman with a perfect 4.0 GPA. Lastly, I graduated with a 3.95 GPA for my MSME degree with thesis research conducted on an advanced drivetrain design for wind turbines. Additionally, I have over a year and a half of engineering industry experience mixed in with my academic history, plus around two years of assistantship work in the academic industry.

Given my academic history, with focus on wind energy engineering, combined with my Colorado residency and job search focused on key players in the wind energy industry, one might presume landing a job would be a quick and simple task. Unfortunately, I have found it to be quite the contrary as I am still jobless, and I largely attribute this to the PTC uncertainty. In a period of four and a half months, I had a single interview which I expect to receive a response from this week. Instead of hiring, or even maintaining their current workforce, some companies are planning layoffs. I have felt the damaging effects of the looming PTC expiration first hand. I urge Congress to extend the PTC to secure jobs and sustain wind energy growth in our country.

Sincerely,
Chad Glinsky

(517) 936-8992
glinskyc@msu.edu

CHAPARRAL STEVEDORING CO. OF TEXAS, INC.

1717 East Loop, Suite 443
Houston, Texas 77029

Ph: (713) 674 6700
Fax: (713) 674 0444

April 23, 2012

To: Ways and Means Committee
Via Email: waysandmeans.submissions@mail.house.gov

Re: Hearing on Certain Expiring Tax Provisions

Chaparral Stevedoring of Texas, Inc., a leading stevedore and terminal handler based in Houston, Texas urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Our company discharges vessels in the Ports of Houston and Beaumont carrying components for the wind energy industry and this activity contributes a significant portion of our business. We employ longshoremen, terminal drivers, truck drivers and other essential personnel to handle this equipment moving through Houston. The loss of this business will significantly effect our bottom line and hiring efforts.

With the uncertainly of the PTC's future, we understand from buyers and sellers both that they are currently winding down production and installation of new units and are redirecting efforts to other countries. This will result in the loss of the business for us and even should the PTC be extended later this year or next, new production could not begin for over a year forcing us to lay off trained employees and start again with new trainees if/when production resumes.

We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Sincerely,
Chaparral Stevedoring Co. Of Texas Inc.

Irby J. Banquer
President

IJB/

Statement of Charlene Jordan

Charlene Jordan
3626 Center Road, Madison, NY 13402
jordanjc64@msn.com
315-893-7024

May 9, 2012

TO: U.S. House Subcommittee on Select Revenue Measures

FROM: Charlene Jordan

TITLE OF HEARING: Hearing on Certain Expiring Tax Provisions

Dear Subcommittee,

Please save our land, communities, and our environment. Stop federally supporting industrial wind energy with our tax dollars. For decades we have poured billions of dollars into industrial wind energy, yet we have seen no return on our investments, either environmental or financial.

Industrial wind turbine farms have done nothing more than devalue our properties, destroy our communities, and degrade our land. Many of the major wind energy farms are owned and built by companies that are based outside of the United States. These companies have no regard for our land or our way of life. Continued support of these industrial wind turbine farms is not conducive to our long-term goals as American citizens. These turbines are driving us out of our homes and communities.

Protect the American citizens and our property, end support of the wind energy industry, stop the Production Tax Credit, the Investment Tax Credit, and all other federal support of industrial wind energy.

Concerned Citizen,

Charlene Jordan

Statement of Charles Newell

MAY 10, 2012

RE: HEARING ON CERTAIN EXPIRING TAX PROVISIONS

I AM TOTALLY OPPOSED TO ANY PHASE DOWN OR EXTENSION OF THE PRODUCTION TAX CREDIT FOR THE WIND INDUSTRY.

OUR GOVERNMENT CANNOT AFFORD TO CONTINUALLY WASTE BILLIONS OF OUR TAXPAYER'S MONEY WITH AN INEFFICIENT AND UNECONOMICAL SOURCE OF ENERGY AS WIND.

I AM APPALLED THAT CONGRESS, IN THE PAST, CONTINUED TO PROVIDE ENORMOUS SUBSIDIES TO LARGE WEALTHY WIND COMPANIES THAT PROVIDE A VERY LOW QUALITY PRODUCT AT A HIGH COST THAT CREATES ADVERSE ENVIRONMENTAL, ECOLOGICAL, SCENIC, PROPERTY VALUE AND QUALITY OF LIFE IMPACTS. THE WIND COMPANY'S PATHETIC PERFORMANCE AS MEASURED AGAINST OTHER ENERGY INDUSTRIES IS DOCUMENTED. ELIMINATION OF THESE SUBSIDIES IS MUCH NEEDED AS THIS COUNTRY'S DEBT CONTINUES OUT OF CONTROL.

PLEASE STOP THESE UNREASONABLE SUBSIDIES TO THE WIND COMPANIES.

THANK YOU,

NAME: CHARLES NEWELL
ADDRESS: 2011 GRAFFENBURG ROAD
SAUQUOIT,N.Y. 13456
PHONE: 315-737-8963
E-MAIL: GONEGOLFING18@ROADRUNNER.COM

Written Comments for the Record: Hearing on Certain Expiring Tax Provisions
House Ways and Means Subcommittee on Select Revenue Measures
April 26, 2012

Comments submitted by: Jaime Lyle McAlpine, P.E.
President/CEO
Chermac Energy Corporation
mcalpinejl@chermacenergy.com

May 7, 2012

Dear Mr. Chairman and Committee Members,

Chermac Energy Corporation, headquartered in Edmond, OK, has 3,000 MW of wind development (in Oklahoma, Kansas, Texas, and New Mexico) continuing to progress toward construction. However, there are a lot of components to mesh together in the eighteen months minimum for a wind farm to be put into production. Not knowing if there will be a Federal PTC extension has reduced our development expenditures significantly this year and going forward, along with the opportunity for our small Native American owned business to have further success in the wind energy sector like we have since 2005 (364 MW of producing wind farms in Oklahoma).

The Federal PTC is the single most important financial incentive for development and production of wind energy today. The PTC is not a tax give away, we, as well as other wind owner/operators earn the credit by investing hundreds of millions of dollars to make energy out of U.S. wind that takes over 10 years to reach return on investment but can last perpetually because of the infrastructure in place. Landowners, schools and our kids, as well county governments, all will see financial benefits from the Federal PTC extension. U.S. high tech manufacturing jobs and service industry jobs in wind will be lost and others risked without the PTC extension.

I asked for your support and vote for HR 3307 or other legislation that will allow for the Federal PTC extension which in turn will cause continued growth in manufacturing jobs, additional energy resources for National Security; money for schools, county governments and landowners. I ask that you support and vote for a Fed PTC extension for our kids and our Nation.

Again, thank you for this opportunity to speak out on this important issue for America.

Chermac Energy Corporation
(405) 341-3506 • Fax (405) 341-3566 • 2909 NW 156th Street • P.O. Box 5446 •
Edmond, Oklahoma 73083-5446

Statement of Chris McFarland

I, Chris McFarland, a Mechanical Engineer in Louisville, Colorado respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind industry in my state revitalize the community – creating hundreds (if not thousands) of both construction & technical jobs, and create a positive impact for our state and our community. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is the way to show the world that the USA is serious about climate change and impact we have on the environment – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Yours Sincerely,

Chris McFarland

Statement of Chris McKee

Congress,

I, Chris McKee, an EHS Specialist in Austin, Texas, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I graduated from the University of Texas at Austin in December of 2010 and spent almost a year looking for work. Finally, after a year of nonstop searching, Mitsubishi Power Systems Americas offered me a position in their Wind Turbine Department as an EHS Specialist. Had it not been for the boom in the Wind Industry that was fostered by the PTC I would still be looking for a job instead of starting my career in the Wind Industry. Now the Industry in which I have chosen to start my career is being threatened with the expiration of the PTC. The PTC drives billions of dollars in private investment in homegrown American wind power each year. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that. When compared to the help the oil and gas industry receives, the PTC is minuscule. Why not extend the PTC and allow a clean form of energy which provides thousands of direct jobs and hundreds of thousands of indirect jobs to grow and benefit our country?

Of course, the country needs to reduce its deficit, but a fact of the matter is there are areas within the government and other industries that could make due with a lot less than they are currently receiving. The Wind Industry is a promising new player in our countries energy lineup that needs to be cultivated and supported by our country in order to yield its full potential. Therefore, cutting it down when it is beginning to flourish does not make sense.

For these reasons, and many others, I urge the committee to take up an extension of the wind energy production tax credit right away.

Thank you

Statement of Christian Billson

I, Christian Billson, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farms in California revitalize local communities – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community, schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

With regards,

Christian Billson
3952 Denwood Ave.
Los Alamitos, CA 90720

Statement of Christopher Whelpton

I, Christopher Whelpton, film director, in Crystal River, Florida, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that. It is a market driven solution to securing our energy needs in the future while reducing our dependence on foreign oil reserves that make our country beholden to regions that do not support our interests.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Cielo Wind Services, Inc.

May 10, 2012

Dear Ways and Means Committee,

I, Lacey Tiemann, Project Manager and Attorney with Cielo Wind Services, Inc., respectfully urge Congress to extend the wind energy Production Tax Credit (PTC) immediately.

Congress' delay in extending the production tax credit creates a devastating ripple effect throughout the entire wind energy industry. The uncertainty in the financial marketplace causes project financiers and investors to become reluctant to back development. When project financing dries up, turbine suppliers respond by limiting the supply chain. With no financial backing or turbines to build projects, development comes to a halt. As a result, wind companies and manufacturers are forced to lay off their workforce, effecting millions of families across the United States. In fact, the American Wind Energy Association estimates that a full 37,000 Americans face layoffs this year if the PTC is not extended immediately (*see* http://www.awea.org/newsroom/pressreleases/Release_02-06-11.cfm).

It is also imperative for Congress to understand that wind energy development plays a vital role in revitalizing the economies of rural communities. Wind development provides construction jobs initially followed by maintenance jobs in the long term. Wind development also generates revenue for community schools and hospitals over the lifetime of the project. In addition to job creation and local economic stimulus, wind energy development increases the amount of energy that our country gets from renewable resources, which is important to our energy independence as a nation.

I urge the committee to take up an extension of the wind energy Production Tax Credit right away. Not only do thousands of American jobs hang in the balance, but the overall goal of energy independence remains at stake.

Sincerely,

Lacey Tiemann, JD
Project Manager
Cielo Wind Services, Inc.
823 Congress Suite 500
Austin, Texas 78701
512.440.0305 phone
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ltiemann@cielowind.com
Please view our website www.cielowind.com

Class 4 Winds & Renewables

05/03/12

As the Executive Director of Class 4 Winds & Renewables based in Amarillo, Texas, I urge Congress to support, the extension of the renewable energy production tax credit (PTC) as part of any tax bill that moves forward this quarter. The PTC is the primary federal policy that is driving the growth of clean, affordable, homegrown American wind power, but with an uncertain policy future, businesses like mine and various others in Texas are facing dire consequences.

As a non-profit trade coalition working to advocate on behalf of the wind energy industry, C4W represents companies that employ hundreds of people in the Texas Panhandle, Western Oklahoma and Eastern New Mexico. Our membership includes; contractors who construct wind farms and transmission infrastructure; manufacturers and suppliers who are already seeing fewer orders because of the uncertainty behind the PTC beyond 2012; developers who have stopped planning until the PTC is renewed; and rural communities who are in desperate need of the boost in property tax revenue they will see as a result of a wind facility in their respective counties.

Because of the PTC in 2010, jobs created in the State of Texas totaled between 8,000 - 9,000; annual property tax payments by wind project owners totaled $110 million: and annual lease payments totaled $30 million, according to the American Wind Energy Association. Texas is a manufacturing leader in the wind energy industry as a result of its growth over the past decade. Texas hosts roughly 40 facilities that currently manufacture components for the wind energy industry, which translates to more than 1,000 manufacturing jobs in the state. With the current electrical transmission infrastructure being built in Texas, those numbers are bound to rise further, but only if the PTC is renewed beyond 2012.

On an industry-wide scale, the PTC has proven itself to be an effective tool to keep electricity rates low and encourage development of proven renewable energy projects. Equipped with the PTC, the wind energy industry has contributed impressively to U.S. economic development. Since 2005, the wind industry has spurred more than $60 billion of investment. Today, over 400 facilities across 43 states manufacture for the wind energy industry. US wind turbine manufacturing has grown 12-fold – 60% of a wind turbine's value is now produced here in America, as compared to 25% prior to 2005. Further, costs have been reduced over 90% since 1980, recently driven by a surge in game-changing technological advances. With its ability to guarantee firm prices in long-term contracts, wind energy has reduced electricity rate risk for American homes and businesses and provided 35% of all new U.S. power capacity in the last four years.

To foster the growth of an industry that is doing a tremendous amount to contribute to economic development, reinvigorate the American manufacturing sector, and diversify our electricity supply, we urge you to act quickly to extend the PTC. We appreciate your support for America's wind energy industry.

Sincerely
Andrew (AJ) Swope
Executive Director, Class 4 Winds & Renewables
ajswope@class4winds.org
PO Box 12128
Amarillo, Texas 79101

To: Committee on Ways and Means
U.S House of Representatives

From: Carlos V. Pineda
Founder & Principal
Clear Planet Energy, LLC
582 Market Street 15th Floor
San Francisco, CA 94104

Date: April 29, 2012

Re: Hearing on Certain Expiring Tax Provisions

Dear Honorable Representatives:

I, Carlos V. Pineda, Founder and Principal of Clear Planet Energy, LLC in San Francisco, California, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

As a professional dedicated to the energy sector – both renewables and fossil fuels – for over 14 years, it is critical to extend the PTC immediately, rather than wait. Energy projects have a long lead time and need policy certainty to go forward, else both my company and many others will have no choice but to extend all development efforts, and with it billions of dollars of jobs and investment in this critical and growing sector.

While we gear up to defend the Straits of Hormuz at hundreds of billions of dollars of taxpayer costs, is it not sensible to continue to look to domestic sources of energy, such as wind, solar, and natural gas? We need supply diversity, and cannot rely on any single energy source to secure our future. Our military itself leads the way with a recent announcement of a $7+ billion procurement of renewable energy at bases across the nation.

I urge the committee to take up an extension of the production tax credit.

Respectfully yours,

Carlos V. Pineda
Founder & Principal Clear Planet Energy, LLC

+1-415-517-1341
cpineda@clearplanetenergy.com

coalition for E85

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Suite 600 West
Washington, D.C. 20001
202-638-1950
www.Coalitionfore85.org
Email: info@coalitionfore85.org

STATEMENT OF THE COALITION FOR E85 SUBMITTED TO THE COMMITTEE ON WAYS AND MEANS, SUBCOMMITTEE ON SELECT REVENUE MEASURES

April 26, 2012

On behalf of the COALITION FOR E85, a broad based group of retail gasoline stations, petroleum marketers, and ethanol advocates, we would like to thank you for the opportunity to provide comments regarding the important issue of tax extenders. We appreciate your leadership in undertaking to review the value of each of the expired tax credits to ensure that they are providing positive outcome for the U.S. economy.

We would like to bring to your attention the Alternative Fuel Tax Credit found at Internal Revenue Code (Code) section 6426(d)(2). This credit was initially established to provide a financial incentive to retailers of compressed natural gas, propane and hydrogen when these products are used as alternative transportation fuels. Eighty-five percent ethanol, (E85), is not included in the definitions of allowable alternative fuels pursuant to this section of the Code.

E85 is the nation's most widely adopted alternative fuel. It is derived from ethanol, but it is NOT a fuel additive like E10. In fact, the Energy Policy Act of 1992 specifically defined E85 as an alternative fuel[1], but for purposes of the Internal Revenue Code, E85 does not qualify for the Alternative Fuel Credit (Section 6426(d). This exclusion ensured that there would be no instance when ethanol would receive BOTH the Volumetric Ethanol Excise Tax Credit (VEETC) and the Alternative Fuel Credit.

Now that the Volumetric Ethanol Tax Credit has expired with no effort being made to reinstate, we ask that you consider extending the Alternative Fuel Tax Credit found at section 6426(d)(2) and including 85% ethanol as an eligible fuel.

With strong encouragement from several administrations, more than 2,500 retailers have invested millions of dollars in establishing infrastructure to dispense such fuel. Additionally, automakers General Motors, Ford, and Chrysler are producing 50% of their Model Year 2012 production as E85 Flexible Fuel Vehicles. More than 9 million FFVs are currently on the nation's highways representing 97% of the entire national fleet of alternative fuel vehicles.

[1] Title III, § 301 of the Energy Policy Act of 1992.

Statement to Subcommittee
April 26, 2012
Page Two

Absent the short-term price break that a tax credit provides, we believe that the 2,500 stations equipped to sell E85 and future cellulosic bio-fuel will begin to disappear, heading the supply chain in the opposite direction from what is needed for this alternative fuel to stand on its own without government intervention.

Protecting the millions invested in E85 infrastructure – and making the Energy Policy Act of 1992 consistent with the IRC – requires two steps. First, and most important, the Code §6426(d)(2) needs to be amended to include E85 as an alternative fuel, similar to compressed natural gas, propane, and hydrogen. This is not new policy; it requires amending the Code so E85 is considered an alternative fuel according to both statutes. Second, the Alternative Fuel Credit needs to be extended.

Based on 2011 E85 sales, these changes would cost approximately $54 million annually, as opposed to the expired VEETC ethanol subsidy, which cost $6.3 billion annually. In other words, fixing the E85 tax credit can be accomplished for less than 1 percent of the cost of the entire ethanol subsidy, while ensuring that the significant infrastructure investments continue to be made while protecting the small businesses that have made investments to date.

We are cognizant that the Committee generally prefers to maintain a clean tax extenders bill. "Clean" meaning either extend or don't extend, with no changes to the text. In this case, however, you will already be amending section 6426 to remove VEETC (subsection b) and we simply ask that E85 be included at another part of 6426 (subsection d).

As the Subcommittee on Select Revenue Measures provides recommendations to the House Ways and Means Committee, we encourage you to including the extension of the Alternative Fuel Tax Credit and the inclusion of E85 as a form of alternative transportation fuel.

Thank you for your close review of this important matter.

COALITION FOR E85

Phillip J. Lampert
Executive Director
573-634-8647
plampert@e85fuel.org

Jeffery Trinca
Legislative Counsel
202-638-1950
jtrinca@vsadc.com

Statement of Colata Harlan

Please Extend Wind Energy Production Tax Credit (PTC)

Name,: Colata Harlan
Organization (if applicable):
Address: 426 Poplar Avenue
Phone Number: 405-354-3189
Contact E-mail Address: hwinc@cox.net
Title of Hearing:Hearing on Certain Expiring Tax Provisions

The wind industry is creating new jobs and revitalizing communities in Oklahoma – one of the windiest states in the U.S. It is critical that the Ways and Means Committee to discuss extending the Wind Energy Production Tax Credit (PTC) to keep this new economic engine running efficiently in our state.

Coal, nuclear power, even natural gas are energy sources from the past that contribute to pollution and related health problems because of dirty water and air. The solution for our future is renewable energy sources like wind, but the industry needs a tax incentive to grow and expand.

Please consider the Wind Energy Production Tax Credit (PTC). Thank you.

Statement of Colleen Mertes

I , Colleen Mertes, Risk Management Assistant, Avon, MN respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

My family and I would be adversely affected if it is not extended. The delay in not extending the PTC makes no sense in the current economy we have. Why wouldn't Congress want to do all that is within its power to encourage the continuing of jobs and new construction/wind projects throughout the country? The PTC helps put billions of dollars from private companies into the hands of small businesses and communities all over America. All of this while creating clean, homegrown energy for us to use.
This tax credit provides an incentive for the wind industry to continue to do all of these things.

I urge the committee to take up and extension of the wind energy production tax credit right away.

Thank you,

Colleen Mertes
512 N 5th Avenue
Sauk Rapids, MN 56379
320.356.2064
Email: colleen@blattnerenergy.com

Columbia Gear Corporation

530 County Road 50 • Avon, MN 56310 • (320) 356-7301 • Fax: (320) 356-9010 • www.columbiagear.com

House Ways and Means Committee
HEARING ON CERTAIN EXPIRING TAX PROVISIONS
To The Committee Chairman:

Columbia Gear Corporation, a leading U.S. producer of Wind Turbine gears and transmission components, is a significant part of the Renewable Energy market segment. We urge Congress and your Committee, to take immediate steps for an early renewal of the Production Tax Credit for this critical industry.

Because of the uncertainty surrounding whether Congress will renew the Production Tax Credit for renewable energy industries, many businesses have placed hiring and investment plans in the U.S. on hold.

Our business has been affected by a decline in orders from our wind turbine customers. They invested millions in new plants to support Wind Energy in the U.S., and no longer have the orders to fill those plants. Part of the reason is the uncertain tax situation.

It is critical for America to take the necessary steps to support and grow renewable energy alternatives to reduce our reliance on foreign oil. Please take action on renewing the Production Tax Credit provision now.

Best Regards,

Bill Rodgers
Direct Field Sales
Columbia Gear Corporation

Sales Office:
128 Country Lodge Road
Waynesboro, VA 22980
Plant Operations:
530 County Road 50
Avon, Minnesota 56310

CRF USA.

Capital for Communities—
Opportunities for People℠

Community Reinvestment Fund, USA
801 Nicollet Mall, Suite 1700 West
Minneapolis, Minnesota 55402
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612 338.3236 fax www.crfusa.com

June 28, 2012

The Honorable Pat Tiberi
Chairman, Subcommittee on Select Revenue Measures
House Ways and Means Committee
US House of Representatives
Washington, DC 20515

RE: Hearing on Certain Expiring Tax Provisions, April 26, 2012

Dear Mr. Chairman:

On behalf of Community Reinvestment Fund, USA ("CRF"), I appreciate this opportunity to share our views on the New Markets Tax Credit ("NMTC") Program. We wish to express our strong support for the extension of the New Markets Tax Credit, which expired on December 31, 2011. Legislation to extend this Tax Credit Program was introduced as HR 2655, the New Markets Tax Credit Extension Act of 2011.

CRF is a national, non-profit CDFI, and the nation's leader in channeling resources from the capital markets to support community development financing activities. Our mission is to transform the community development finance system by accessing capital markets on behalf of local lending organizations to promote long-term, sustainable economic growth in low-income communities. Since 1988, CRF and its affiliates have delivered over $1.3 billion in capital, primarily to small businesses located in more than 750 communities across the country. CRF's New Markets Tax Credit ("NMTC") lending is a critical piece of how we deliverer significant benefits to residents and workers in low-income communities.

In all, more than 302,000 people have been employed or directly served because of CRF's NMTC loans, including:

- 17,450 jobs at the time of loan origination. Over 4,300 construction jobs;
- 8,000 student slots at educational facilities, including charter schools;
- 1,900 slots per year at job training centers;
- 500 child care slots;
- 17,200 people served annually at community health centers;
- 253,000 people served at other community facilities serving low-income communities/disadvantaged people.

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Over the past twelve years, CRF has established a powerful and proven track record of originating and managing tax credit investments to underserved businesses located in low-income communities across the country. Together with its affiliate, National New Markets Tax Credit Fund, Inc., ("NNMTCF"), CRF has become one of the largest Allocatees in the country, receiving tax credit allocations in seven of the nine funding rounds totaling $749.5 million and investing $52.5 million on behalf of other Allocatees. Working in collaboration with our local lending partners, CRF has used tax credit resources to make flexible loans to operating businesses located in highly distressed low-income communities.

NMTCs: Background

The New Market Tax Credit is the product of a bi-partisan effort between President Clinton and Speaker Hastert to revitalize urban and rural communities by using tax incentives to attract private sector capital, rather than providing federal grants. In our view, this Program has clearly established itself as the most powerful and effective tool for inducing investment in distressed and underserved areas. The Community Renewal Tax Relief Act established New Markets Tax Credit and provided $15 billion in credit authority between 2001 and 2007. The NMTC provides a 39% - seven year credit against federal taxes for investment in economically distressed communities. Congress has demonstrated support for this Program by extending the NMTC three times in 2008, 2009 and 2010 adding $17 billion in credit authority.

The tax credit works by encouraging taxpayers to make investments in Community Development Entities ("CDEs") that have an established track record of making community development investments and have put into place effective community accountability mechanisms. CDEs may be created by a community development corporation, a CDFI or loan fund, or a private financial institution. The CDEs use this capital to make loans or investments in businesses located in economically distressed communities. CRF has chosen to use NMTCs to finance a broad spectrum of operating businesses in an effort to bring the benefits of the tax credit to companies that have the ability to create jobs and economic growth in low-income communities.

CRF has worked hard to ensure that manufacturing firms, like EnerG2, are able to access NMTC financing to support job growth in communities experiencing high levels of unemployment. For instance, EnerG2 received a $32 million NMTC loan to renovate a 74,000 sq. ft. manufacturing facility in Albany, Oregon. This state-of-the art facility has positioned EnerG2 at the forefront of an energy storage revolution. The Company will initially produce more than 10 metric tons per month of the pure carbon material that can increase storage capacity for electric car batteries and other devices. With this investment, EnerG2 has created 35 high paying full-time jobs and 94 construction jobs in a rural area of Oregon that is struggling with double-digit unemployment.

NMTCs: A Record of Success

Over the course of the past decade, the NMTC has demonstrated that it is an extremely effective incentive for channeling private sector capital to distressed communities. Since its inception and through 2011, more than $26 billion in NMTC

CRF USA

investments have been made in low-income communities. In addition, this investment has attracted new participants. A survey of NMTC investors conducted by the Government Accountability Office ("GAO") in 2007 reported that 88% of investors indicated they would *not* have made their investment without the benefit of the Tax Credit and almost two-thirds said they increased their investments in low-income communities because of the Credit. According to the CDFI Fund, in 2010 alone, investments in NMTC projects totaled $9.5 billion, of which 50% came from other sources. In addition to the leveraging other sources of capital, this Program created almost 70,000 jobs including 38,000 construction jobs.

NMTCs have also been used to deliver vital services and build assets in distressed communities. For example, with assistance from CRF, Resurrection University was able to obtain $14 million in NMTC financing to renovate approximately 38,900 sq. ft. of vacant space in the St. Elizabeth Hospital building in Chicago's Humboldt Park neighborhood. This predominantly Hispanic neighborhood is considered a "Medically Underserved Area"[1]. With the relocation of Resurrection University's nursing program to this renovated space, not only will 250 students receive professional nursing training, but the residents of Humboldt Park will benefit from much needed medical care delivered by students through the University's Practicum program. Increasing access to quality health care, training a skilled pool of healthcare professionals in the community, and creating 40 new full-time jobs are just a few ways that Resurrection University is improving the lives of Humboldt Park residents.

NMTCs: Return on Investment

As Congress considers extending NMTC, it is important to consider the cost of the credit, in terms of revenue forgone. By any measure, NMTC provides a substantial return. The total cost to the Federal government of a $1 investment in NMTC as measured by foregone tax revenues, is approximately 26 cents.[2]

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended NMTC for 2010 and 2011 with $3.5 billion in annual credit authority. According to the Joint Tax Committee the 10 year revenue estimate associated with this credit authority totaled $1.81 billion, or 25.8%.

What does this mean in terms of cost to the government? Using 2010 as an example, NMTC investments totaled $4.7 billion and total projects cost for NMTC financed businesses came to $9.5 billion. The cost to the government of that $4.7 billion in NMTC investments was $1.21 billion. The return to the government included 68,000 jobs at a cost of $17,800 per job. It is also important to note that the $1.21 billion of investment generated a total of $9.5 billion in economic activity in communities where the tax credit was used. Every dollar spent – or revenue forgone by the federal government on NMTCs – resulted in $8 in private investment in communities.

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[1] Medically Underserved Areas are one of approximately fourteen of the New Market Tax Credit (NMTC) Program Severely Distressed Secondary Criteria included in the federal guidelines for this Program. Medically Underserved Areas are designated by the Health Resources and Services Administration as having too few primary care providers, high infant mortality, high poverty, and/or high elderly population.

[2] The cost basis of the investment is reduced by the amount of the credits claimed. Therefore, the investor pays taxes (generally at a corporate tax rate of 35%) on the 39 cents of credits claimed, which reduces the cost of the credit to the Federal government from 39 cents to approximately 25 cents [.39 * (1-.35) = .2535]

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NMTCs: Community Impact

All NMTC transactions are targeted low-income communities – often the same communities most profoundly affected by current economic crisis. Under the Program guidelines, all NMTC investments must benefit businesses located in communities where the poverty rate is 20% or higher or where the median family income does not exceed 80% of area median. CDEs are motivated to make investments in communities that face even greater challenges and obstacles to economic growth as community impact is a critical factor in determining which applicants receive tax credit allocations in this highly competitive Program. Thus, CDEs frequently invest in places where the poverty rates is 30% or greater, where median family income does not exceed 60% of area median, and where the unemployment rate exceeds 150% of the national average. Here are just a few statistics:

- In 2010, 72% of NMTC investments were made in places even more distressed than required by law;
- Of the total $9.5 billion invested in NMTC eligible census tracts, more than half was invested in communities with unemployment rates more than 1.5 times the national average;
- More than $4.7 billion was invested in businesses in communities where incomes were less than 60% of area median, helping to spur the creation of good paying jobs;
- More than $3.9 billion was invested in businesses located in communities where poverty rates exceed 30%;
- Over $1 billion went to non-metro communities; and
- Twenty-three percent of NMTC financing, more than $1 billion, was invested in businesses located in places exhibiting all three high distress criteria. Were it not for the NMTC, these hardest hit communities scattered throughout 45 States and the District of Columbia would remain blighted and underserved. Now almost $2 billion in outside capital is helping to move communities forward by creating lasting assets and jobs that pay well.

One example of a NMTC Project that has demonstrated strong community impact is the Houston Food Bank. With CRF's help, this nonprofit was able to secure $50 million in NMTCs to finance the construction of a new 308,000 sq. ft. facility with expanded refrigeration space (four times the size of the old facility) that allows the organization to serve nearly 1 million families a year and to provide healthy fresh foods. Texas has one of the highest rates of child food insecurity in the country. Every day 53,000 people in Houston are hungry and 43% of hungry families must choose between food and medicine. The Houston Food Bank is leading the fight against hunger in southeast Texas by feeding 137,000 people every week, 47% of which are children, and providing more than 53 million nutritious meals annually. With improvements in the efficiency of its operations, the HFB is able to ensure that 95 cents of every dollar donated goes directly to feeding the hungry. In collaboration with nearly 500 hunger relief agencies, HFB works to assure that Texans do not have to choose between feeding their families, buying medicine, or paying their bills.

CRF USA.

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HR 2655 – The New Markets Extension Act of 2011

The New Markets Extension Act proposes three key changes designed to strengthen the Tax Credit Program.

1) A long-term extension of five years

At the end of 2010 Congress extended the NMTC Program for FY 2010 and FY 2011. This was the first multi-year extension since the original authorization. In 2011, a total of $5.7 billion was raised in NMTC investments, the most ever and 67% higher than 2009. We believe this substantial increase in investments was a direct response to the increased certainty created by the two year extension. It is clear from the GAO report that the availability of NMTCs drives an investor's decision to make community investments. We are convinced that with more certainty, investor interest in NMTCs will grow. However, without an extension in the near term, investor interest will diminish, capital will go elsewhere and the gains in the efficiency of the tax credit will be lost.

2) An increase in Credit Authority -- $5 billion annually

As mentioned above, there is enormous demand for New Markets Tax Credits. Since the Program was launched in 2003, demand for NMTCs has exceeded $225 billion while a total of $33 billion in Credits has been available. In short, demand has exceeded supply of tax credits by a factor of nearly 7. Just as important as the demand for the credit is the impact that this Program has had on economically distressed communities. Billions of dollars have flowed to communities traditionally ignored by mainstream investors and most negatively affected by the recession.

With the economy showing signs of improving and a multi-year extension of the Program providing more certainty, private sector investments in NMTCs took off in 2011 totaling $5.7 billion. Based on what we know, ***if Congress increases NMTC to $5 billion in annual Credit Authority we would see more than $10 billion in additional investment in distressed communities and the creation or retention of at least 70,000 jobs at a ten year cost to the government of $1.29 billion.***

3) An exemption from the Alternative Minimum Tax for NMTC investments

A long term or permanent authorization should also include a provision that exempts the New Market Tax Credit from the Alternative Minimum Tax (AMT). Such a provision would put New Markets on par with other similar tax credits including the Low Income Housing and Historic Tax Credits. Without this exemption, New Markets remain at a disadvantage in the investor marketplace. Absent both AMT and a long-term extension, it will be difficult to broaden the investor base for the credit beyond the large CRA motivated banks. Attracting more investors will increase competition for credits, resulting in better pricing and more subsidies being passed on to qualified businesses.

CRF USA.

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Conclusion

In closing, we would like to commend you Mr. Chairman, for holding this Hearing on such a timely and important topic. We greatly appreciate the opportunity to share our views with you and your colleagues. Please do not hesitate to contact me with any questions regarding comments included in this letter.

Sincerely,

Frank Altman
CEO & President

Statement of Compass Wind, LLC

Submitting person: Douglas A. Wesley, PhD

Organization: Compass Wind, LLC

Address: 1730 Blake St., Ste. 400

Denver CO 80202

Contact phone: (303)658-9853

Email: Doug.Wesley@compasswind.com

Compass Wind, LLC, a leading wind project developer based in Denver CO, urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

We have been developing projects in the US West for 3 years. Our market, however, is small (15-50 MW Projects) and dependent on existing transmission lines.

With the uncertainty of the PTC's future, we are reluctantly winding down a significant portion of our US wind development activity and instead redirecting funding, services and staff resources elsewhere. This will likely result in significant new investment dollars, construction jobs, tax dollars and community benefits shifting away from the US, as a direct result of Congress' delay in passing a timely extension of the PTC. We strongly urge this committee to immediately take up an extension of the wind energy PTC.

Statement of Competitive Energy Insight, Inc.

Name,: Steve Provol
Organization (if applicable): Competitive Energy Insight, Inc.
Address: 12025 Blue Diamond Ct., San Diego, CA 92131

Phone Number: (858) 566-0221
Contact E-mail Address:

April 24, 2012

Title of Hearing:Hearing on Certain Expiring Tax Provisions

To Whom it May Concern on Capital Hill:

Please extend the Production Tax Credits for Wind Energy, Biofuels and other renewable energy investments. Strong domestic industries have developed as a direct result of past stimulus for these domestic energy production areas. These mean Jobs and a cleaner environment.

I encourage you to extend these credits for the longest feasible period possible.

Yours truly,

Steve J Provol

Steve Provol - President

Competitive Energy Insight, Inc.

San Diego, CA 92131

Statement of Concast, Inc.

Hearing on Certain Expiring Tax Provisions

I, Ben Olson Vice President of Concast, Inc. in Zumbrota, MN respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Concast, Inc. has been supply precast concrete products to the Wind Industry for nearly 10 years. After the residential market took its big hit we have been relying on the Wind Industry to keep our plants busy, and it has. We have actually grown considerably. This industry has brought new opportunities for Concast. The industries growth has made it possible to increase employment and open a new production facility. The PTC drives billions of dollars in private investment in homegrown American wind power each year. The projects bring in construction jobs at first, and then maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Thanks You,

Ben Olson
Vice President
Concast, Inc.
1010 North Star Drive, PO Box 69
Zumbrota, MN 55992
ben@concastinc.com

Statement of Concerned Citizens of West Antelope Valley

April 25, 2012

RE: Hearing on Certain Expiring Tax Provisions

For 20 years, taxpayers have propped up the wind energy industry. Despite the many tens of billions of dollars ($14 billion last year) given to them via the production tax credit, the more recent investment tax credit, and other tax and regulatory provisions, as well as loan guarantees and outright grants, the industry still comes begging.

And even after 20 years of such largesse, the industry can not show any meaningful benefit concerning any energy, pollution, or carbon problem.

Instead, rural communities have been left divided, landscapes degraded, bird and bat populations threatened, and already dwindling natural habitats destroyed.

I urge you to END the Production Tax Credit, the Investment Tax Credit, and any other federal support of industrial wind energy.

Sincerely,

Jill R. Moran
Concerned Citizens of West Antelope Valley
46472 Kings Canyon Rd
Lancaster, CA 93536
661-724-1861
JillRMoran@gmail.com

Coulomb Technologies

STATEMENT OF COULOMB TECHNOLOGIES
ON
HEARING ON CERTAIN EXPIREING TAX PROVIDSIONS
SUBMITTED TO
SUBCOMMITTEE ON SELECT REVENUE MEASURES
WAYS AND MEANS COMMITTEE UNITED
STATES HOUSE OF REPRESENTATIVES
WASHINGTON DC
APRIL 26, 2012

RE: EXTENSION OF ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT (Section 30C)

Dear Chairman Tiberi and Ranking Member Neal:

Coulomb Technologies is a small business venture backed company headquartered in Campbell, California. We sell and install electric vehicle services and equipment to customers that own electric vehicles or wish to deploy infrastructure on public or private property. We distribute Coulomb ChargePoint Stations that represent the biggest network of publicly available charging stations in the market today with the largest collection of drivers.

We urge you to extend the 30C tax credit for alternative fuel vehicle refueling property which expired in December of 2011. The credit's expiration and the uncertainty around its renewal are damaging to consumers and businesses planning to invest in plug-in vehicles and charging equipment.

The 30C credit is a technology-neutral incentive for consumer and business investment in infrastructure to support vehicles that run on alternatives to oil. It plays an essential role in the national effort to reduce our dependence on imported oil, which threatens our national security as well as our economy. Please consider the following:

Based on data we have collected as of January 31, 2012 ChargePoint stations are currently dispensing over 325 Megawatt hours (MWh) of electric fuel each month. This translates into the *annual equivalent of 818,000 gallons of gas avoided & 12 million lbs of Co2 emissions prevented*

Drivers plug into a ChargePoint station more than 1,700 times every day.

Over 6,000 non-residential charging spots up & running, serving drivers while they are away from their home garages.

For every station installed in our market, three people go to work: one to manufacture the product and two local jobs to install.

Coulomb Technologies

Coulomb is a company that manufactures and deploys charging stations and business software systems for electric vehicle charging, a necessary ingredient for the successful adoption of electric vehicles. Coulomb is the leading electric vehicle charging solutions company. Coulomb's ChargePoint Network is the largest online global charging network connecting electric vehicle drivers to charging stations in more than 14 countries. Coulomb also provides ChargePoint Network service plans, cloud-based solutions that handle all drivers billing and support, and that give organizations the control and flexibility they need to optimize performance of their electric vehicle charging operations.

Early adopters of alternative fuel vehicles need certainty as they make purchasing decisions. The expiration of the credit in 2011 unfortunately coincides with the widespread commercial introduction of plug-in vehicles. Manufacturers are planning to bring more than 20 plug-in vehicles to market in the next two years. Electric drive vehicles are being introduced into the market place in numerous configurations, including passenger cars, commercial trucks, buses, tractors, and ground support equipment. These vehicles provide substantial fuel savings and reduced emissions while contributing to our energy and economic security. The credit's expiration and the uncertainty around renewal is damaging to consumers and businesses planning to invest in plug-in vehicles and charging equipment.

A multi-year extension of the Section 30C credit would provide this certainty and a level playing field among alternative fuel technologies. However, given the realities facing Congress, Coulomb urges the Subcommittee to recommend extending the Section 30C credit to apply, at minimum, to tax year 2012.

Thank you for the opportunity to provide written testimony for the record.

Sincerely,

Colleen [signature]

Vice President Government Relations and Public Policy

Coulomb Technologies, Inc

1692 Dell Avenue

Campbell, California 95008-6901

917-523-1813

colleen@coulombtech.com

Statement of Kate Offringa
President & CEO
Council of the North American Insulation Manufacturers Association
44 Canal Center Plaza, Suite 310
Alexandria, VA 22314

Before

House Committee on Ways and Means
Subcommittee on Select Revenue Measures

On

Tax Extenders
April 26, 2012

Mr. Chairman and Members:

Thank you, Mr. Chairman and members of the Subcommittee. My name is Kate Offringa and I am the President and CEO of the Council of the North American Insulation Manufacturers Association (Council of NAIMA). I would like to spend a few minutes describing the important role that tax incentives play for the insulation industry and advancing energy conservation.

The cleanest, least expensive, and most reliable energy comes from more efficiently using the energy we already produce. Nearly 50 million American homes are under insulated, and the level of insulation in many commercial buildings is woefully inadequate. Putting in proper levels of insulation would immediately lower energy bills, create jobs and decrease energy usage. If American homes were properly insulated, we could save 30 times the amount of energy lost in the 2010 Gulf oil spill.

Most importantly, we don't need to locate new reserves or develop new technologies: High quality insulation is available today and can be installed tomorrow. The challenge is incentivizing people to install and retrofit that insulation into new and existing homes and buildings.

One important way to achieve this goal is to expand and extend a tax credit that rewards homeowners for installing energy efficient products and equipment. First established in the 2005 Energy Policy Act, the provision known as "25C" - or technically known as the "nonbusiness energy tax credit" - has helped tens of thousands of homeowners across the country save substantial amounts of money on monthly energy bills. In 2011, it provided a tax credit of 10 percent—up to $500—for insulation, heating, ventilation, and air conditioning equipment, energy-smart windows and other products designed to save energy.

25C has enjoyed deep bipartisan support on Capitol Hill and has been extended several times. The credit was also expanded to triple its current size in 2009 and 2010. As a result, the number of homeowners taking advantage of 25C in these years increased substantially from previous years.

The insulation industry strongly supports extension of 25C at the highest levels the Congress can manage in light of budget constraints. In addition, 25C should be amended to allow homeowners to include the cost of labor necessary for the installation of insulation. Currently, labor costs, which can amount to half of the cost of installing insulation, are excluded without any sound public policy basis. Including labor will help put insulation on more equal footing with other products such as HVAC units, whose labor costs are already included in the credit. More importantly, it will put qualified contractors and installers—hard hit by the current economy—back to work.

In addition to 25C, there are several other important tax incentives aimed at boosting energy efficiency. The Energy Efficient New Homes Tax Credit - known as 45L -- allows homebuilders to receive a $2,000 credit for every new home they build that is 50 percent more energy efficient than code in regard to heating and cooling. Likewise, the Energy Efficient Commercial Building Tax Deduction, or 179(D), provides an incentive for retrofitting existing commercial buildings through a tax deduction of $1.80 per square foot. Unfortunately, 179D is unduly complex and, as a result, little used. The Administration has recently taken steps to improve 179D through administrative actions, but legislation is required to completely address the shortcomings of this provision.

The construction and contractor sectors of the job market have been hit especially hard by the current economy and the continued slowdown of the housing market. Despite improvement in the economy, unemployment in the construction sector remains more than double the national average at 17.2 percent in March, and the industry is considerably smaller than it was before the recent recession. Likewise, our manufacturers are hiring fewer workers and producing fewer products. Energy efficiency incentives such as 25C, 45L, and 179D can help us attain a number of goals including putting Americans back to work, saving money on our utility bills, and making America more energy independent.

Unfortunately, both 25C and 45L expired at the end of 2011, which has caused uncertainty in the marketplace and undermined the cause of energy conservation. Particularly in a tight budgetary environment, competing priorities require difficult choices be made. But energy conservation and efficiency are still critical priorities.

Installing insulation may not be as visually dramatic as a massive wind farm or a new oilfield, but it is cheaper, cleaner and can contribute even more significantly to creating jobs and creating a secure energy future for America.

Thank you again for the opportunity to testify today.

Testimony of

Robert S. Collier

President and CEO of the Council of Michigan Foundations

on behalf of

The Council on Foundations

in support of

Extension of the Charitable IRA Rollover

Presented to the

United States House of Representatives

Committee on Ways and Means

Subcommittee on Select Revenue Measures

April 26, 2012

Chairman Tiberi, Ranking Member Neal, and members of the Select Revenue Measures Subcommittee of the Ways and Means Committee, thank you for this opportunity to present testimony in support of extension of the charitable Individual Retirement Account rollover.

My name is Rob Collier, and I am president and chief executive officer of the Council of Michigan Foundations. The Council of Michigan Foundations ("CMF") is a 501(c)(3) nonprofit membership association of more than 350 grantmaking organizations working together to strengthen, promote, and increase philanthropy in Michigan. CMF was formed in 1972 to represent foundation interests with state and federal officials, and it has since served as a centralized voice of Michigan philanthropy. Over its 40 year history, CMF has grown to become the nation's largest regional association of grantmakers, serving family foundations, corporate foundations and giving programs, independent and community foundations, and public charities of all sizes. CMF represents 88 percent of the organized philanthropic assets in the state of Michigan.

I am testifying today on behalf of the Council on Foundations, of which the Council of Michigan Foundations is a member. The Council on Foundations represents over 2,000 grantmaking foundations and corporations with assets of over $300 billion. As the voice of philanthropy nationally, the Council works to create an environment in which the movement can grow and thrive, and to promote policies that enable the philanthropic sector to work most effectively.

My testimony addresses a recently expired provision of the tax code that has proven to be a very important tool for donors who wish to make a positive difference in their community, but who may not have substantial assets beyond those typically saved by a family over the course of a lifetime, such as a retirement account. Until its expiration at the end of 2011, Internal Revenue Code section 408(d)(8) provided such donors the opportunity to make tax-free distributions from their individual retirement plans for charitable purposes.

By way of background, prior to 2006, taxpayers wishing to transfer Individual Retirement Account ("IRA") assets to charity first had to recognize the amount as income, make a transfer, and then claim a charitable contribution deduction for the amount gifted. This often resulted in tax liability, even though the donor ultimately transferred the entire IRA distribution to charity. The Pension Protection Act of 2006 partially solved this problem by allowing individuals to transfer amounts from their IRA accounts directly to charity without first having to recognize the distribution as income. Since its initial enactment, the charitable IRA rollover has been extended repeatedly with broad bipartisan support.

Extension of the recently expired charitable IRA rollover will be immensely helpful in ensuring that philanthropic organizations have the means and flexibility to address dramatically growing needs. Further extension of the provision regarding IRA rollovers will provide donors the greater certainty needed for prudent charitable gift planning, and will ensure future donors have the ability to use this efficient means of giving. The charitable IRA rollover has proven popular with donors, resulting in increased giving from IRA accounts. At this time of greater demands upon the charitable sector, when the private donors are increasingly called upon to help address critical needs in their communities amidst severe fiscal constraints upon the public sector, it is vitally important that we not deny individual donors seeking to do their part an important tool in facilitating charitable giving. That is particularly true for donors of relatively modest means, who disproportionately have utilized the charitable IRA rollover.

In addition to extending the charitable IRA rollover, the Council on Foundations strongly supports revisions to Internal Revenue Code section 408(d)(8) that would make the provision more effective. Nonetheless, the Council recognizes that, in view of the current federal budget situation, it may not prove possible in the short term to do more than simply extending the expired provision. However, the Council asks that, in the intermediate term, the Committee give serious consideration to the reforms to section 408(d)(8) proposed in H.R. 2502, "The Public Good IRA Rollover Act of 2011", introduced by Congressman Herger, Congressman Blumenauer, and others.

H.R. 2502, which the Council also strongly supports, would make section 408(d)(8) permanent, as well as implement important revisions needed to make that provision even more effective. Though the charitable IRA rollover enacted as part of the Pension Protection Act of 2006 was a very important step forward, that provision nonetheless was limited in several respects: it was effective only for a few years; it was limited to taxpayers age 70 ½ or older; the amount of gifts was capped at $100,000; and donors were specifically not permitted to make charitable rollovers to donor-advised funds, supporting organizations, and private foundations. The "Public Good IRA Rollover Act of 2011" would extend permanently the provision authorizing charitable rollovers of IRAs, and make it more effective by eliminating the $100,000 cap on rollovers, allowing donors to make rollovers beginning at age 59 ½, and permitting rollovers to donor-advised funds, supporting organizations, and private foundations.

Making the charitable IRA rollover available for gifts to donor-advised funds, supporting organizations, and private foundations will enable additional donors, particularly among middle-income Americans, to utilize charitable rollovers for the benefit of organizations that are particularly well-suited to delivering philanthropic resources quickly and effectively to communities in need.

By expanding the charitable rollover to all philanthropic tools, including donor-advised funds, supporting organizations, and private foundations, charitable giving would increase even more. In particular, community foundations, which make as much as two-thirds of their grants from donor-advised funds, would be able to attract new sources of support from within their communities. These new gifts are particularly important for small community foundations—those with less than $5 million in assets—which are particularly dependent on donor-advised funds to provide the charitable resources their communities need.

Studies by the Council on Foundations found that, in 2007, donor-advised funds accounted for over one-third of all community foundation assets and 62% of their total grantmaking. In addition, according to a recent study by the National Philanthropic Trust, the payout rate from donor-advised funds was 17.1% in 2010. Nor was that high payout rate an exception: donor-advised funds have paid out more than 16% of assets annually for at least four years, over three times the minimum required for private foundations by federal law. Donor-advised funds also have experienced tremendous growth. Donors contributed $7.77 billion to donor-advised funds in 2010, an increase of 25.5% compared with 2009.

The Council also has found that donor-advised funds are a particularly effective tool for middle-income Americans to engage in philanthropy. With most community foundations accepting a donor-advised fund in the range of $5,000 to $15,000, donor-advised funds are a philanthropic vehicle that can go to work immediately, a particularly valuable trait given current demands. Because donor-advised funds are so critical to the work of community foundations and to the philanthropic sector generally, it is very important that foundations and donor-advised funds be able to put assets from IRA rollovers to work for their communities.

Donor-advised funds, supporting organizations, and private foundations, along with public charities, all play critical roles in meeting the needs of the communities they serve. Yet, when enacting section 408(d)(8), Congress identified no basis for limiting charitable IRA rollovers to certain philanthropic vehicles. Moreover, to the extent that such concerns existed, they were fully addressed by reforms relating to supporting organizations and donor-advised funds also enacted as part of the Pension Protection Act.

For all those reasons, the "Public Good Rollover Act of 2011" merits enactment: it will provide philanthropies with valuable additional tools needed to fulfill their missions, and help meet the growing needs of their communities.

In sum, the Council on Foundation urges this Committee, and the Congress, to act promptly to extend the recently expired charitable IRA rollover. The Council also asks that, in the intermediate term, this Committee and the Congress work to enact needed reforms to the charitable IRA rollover by passing H.R. 2502, "The Public Good IRA Rollover Act of 2011".

Thank you again for this opportunity to present testimony.

May 10, 2012

Dear Sir or Madam,

Creative Foam Corporation, a leading manufacturer of foam and balsa, wind turbine blade core kits, urges Congress to extend the wind energy production tax credit (PTC) as quickly and for as long a period of time as possible.

Though Creative Foam Corporation was not involved in the wind industry when the last PTC expired, we have since invested millions of dollars in equipment and facilities to support the wind industry. Creative Foam Corporation headquartered in Fenton Michigan, now has 2 facilities that support the wind industry and has spent 4 years developing our Composite Systems Division into a viable business. One of our facilities is located in Fenton Michigan the other in Longmont Colorado. Together these facilities employ over 125 full time employees.

On February 2nd 2012 our largest customer announced a 20% reduction in production for 2012 and we are only one month into the year! To me this is a sign that the pending PTC expiration is already having an effect on our customer's 2012 sales projection. Based on what has happened in previous years when the PTC expiration has loomed over the industry, I am sure that the longer our representatives in Washington delay passing a PTC extension the more the 2012 sales projections will be reduced. Lower sales for 2012 and what will likely be a disastrous 2013 will likely force us to exit the business.

Again on April 23rd 2012 we met with our largest customer. For the last 4 years we have had a 52 week forecast for our products. As of the meeting we only had a forecast for the next 33 weeks. When we asked for additional information with respect to the forecast our customer could not comment due to the instability in the market.

As of May 1st 2012 we have frozen our hiring and put further capital investment plans on hold. This is not due to our unwillingness to invest, we are only responding to what we see happening to our industry. At the same time I have committed to our Board of Directors to put together a consolidation plan and an exit plan, to be implemented if the lack of certainty associated with the PTC continues to reduce our revenue.

We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Thank you for your consideration.

Bruce Graham
Executive Vice President

300 N. Alloy Drive ~ Fenton, Michigan 48430
p)810.629.4149 or f) 810.629.3097

CREATIVE FOAM CORPORATION

May 10, 2012

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Thank you for your consideration.

Kevin Honaker
General Manager, Precision Die Cutting

300 N. Alloy Drive ~ Fenton, Michigan 48430
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Thank you for your consideration.

Gregory R. Morgan
Director of Purchasing & Supplier Development

300 N. Alloy Drive ~ Fenton, Michigan 48430
p)810.629.4149 or f) 810.629.3097

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Thank you for your consideration.

Paul Jonik
General Manager, Automotive Systems

300 N. Alloy Drive ~ Fenton, Michigan 48430
p)810.629.4149 or f) 810.629.3097

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Kent Lutian
Vice President, Medical Systems

300 N. Alloy Drive ~ Fenton, Michigan 48430
p)810.629.4149 or f) 810.629.3097

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Thank you for your consideration.

David Stuck
General Manager, Longmont Composites

1800 Pike Road, Longmont, Colorado 80501
p)303.774.2004 x 2901 or f) 303.774.6311

CREATIVE FOAM CORPORATION

May 9, 2012

Dear Sir or Madam,

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Though Creative Foam Corporation was not involved in the wind industry when the last PTC expired, we have since invested millions of dollars in equipment and facilities to support the wind industry. Creative Foam Corporation headquartered in Fenton Michigan, now has 2 facilities that support the wind industry and has spent 4 years developing our Composite Systems Division into a viable business. One of our facilities is located in Fenton Michigan the other in Longmont Colorado. Together these facilities employ over 125 full time employees.

On February 2nd 2012 our largest customer announced a 20% reduction in production for 2012 and we are only one month into the year! To me this is a sign that the pending PTC expiration is already having an effect on our customer's 2012 sales projection. Based on what has happened in previous years when the PTC expiration has loomed over the industry, I am sure that the longer our representatives in Washington delay passing a PTC extension the more the 2012 sales projections will be reduced. Lower sales for 2012 and what will likely be a disastrous 2013 will likely force us to exit the business.

Again on April 23rd 2012 we met with our largest customer. For the last 4 years we have had a 52 week forecast for our products. As of the meeting we only had a forecast for the next 33 weeks. When we asked for additional information with respect to the forecast our customer could not comment due to the instability in the market.

As of May 1st 2012 we have frozen our hiring and put further capital investment plans on hold. This is not due to our unwillingness to invest, we are only responding to what we see happening to our industry. At the same time I have committed to our Board of Directors to put together a consolidation plan and an exit plan, to be implemented if the lack of certainty associated with the PTC continues to reduce our revenue.

We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Thank you for your consideration.

Mark D. Shepler
V.P. Composite Systems

300 N. Alloy Drive ~ Fenton, Michigan 48430
p)810.629.4149 or f) 810.629.3097

CROW TRIBE OF MONTANA

Testimony for

United States House Committee on Ways and Means,

Subcommittee on Select Revenue Measures

HEARING on
"Certain Expiring Tax Provisions"

April 26, 2012

Introduction

Thank you for the opportunity to share the views and concerns of the Crow Nation on Federal tax policy, specifically on certain expiring tax provisions. Given that the Crow Nation's resources are primarily energy-based, our comments today focused on certain expiring tax provisions that directly impact Indian energy development.

The Crow Nation is a federally-recognized sovereign Tribal government located in southeastern Montana. The Crow Nation occupies a reservation of approximately 2.2 million acres, with abundant natural resources including coal, oil, natural gas, limestone and bentonite. We also are also actively working to develop hydropower and wind power projects utilizing renewable energy resources within our reservation. As such, the Crow Nation is uniquely positioned to contribute to the energy independence of our country.

We believe that existing tax provisions serve to help counter the impact of the many regulatory obstacles facing energy development in Indian Country. We invite this Subcommittee to consider how tax policy can help level the playing field for energy development in Indian Country and help realize the economic value of such resources not only to the Tribes that own them, but to surrounding local communities and the nation as a whole.

Continuing to provide tax incentives to create energy jobs in Indian Country will help overcome other obstacles to energy project development, and will build additional national capacity to create even more jobs in the national economy. This is an opportunity that cannot be missed.

While we strongly support permanent extensions of these tax provisions to support longer range infrastructure projects, we urge Congress to extend the expiring provisions temporarily until broader consensus emerges for a longer-term tax package. In any given year, the trio of tax provisions discussed below provides critical benefits to tribal energy projects and tribal governments.

Energy Opportunities and Obstacles

Coal

There is an estimated, some believe conservatively so, 9 billion tons of coal held by the Crow Nation. The Absaloka mine outside of Hardin, Montana produces 6 million tons of coal annually; over 175 millions of tons since 1974. The mine annually pays taxes and royalties to the Crow Nation totaling $19 million, which is 60% of our non-Federal budget. The mine provides skilled jobs that pay $16 million; again critical in our economy which struggles with nearly 50% unemployment. As a source of jobs, critical financial support, and US produced energy, it is absolutely critical that it remain open and competitive.

A recent outage at Absaloka's largest coal customer's power plant will hurt jobs and revenues in 2012, and emphasizes the need for multiple energy projects to diversify our revenue sources.

To that end, we have been developing Many Stars, a planned Coal-to-Liquids (CTL) plant. The original plans called for a state of the art clean coal facility capable of producing up to 50,000 barrels or more of liquid products per day ultimately – liquid fuel capable of replacing oil for ultra-clean jet and diesel fuel, which translates to a significant reduction in the need for importing foreign oil, and in turn contributes to national security. It was anticipated that Many Stars, as designed, would create many jobs – up to 2,000 construction jobs and a range of 250 to 900 production jobs dependent on through-put. And with full carbon capture and sequestration, Many Stars seems to be the best way to monetize the Tribe's vast coal resources in the long run while not contributing to the climate change problem.

But uncertainty about national energy policy has made it difficult to attract investment for this cutting edge project. Regulatory uncertainty combined with expiring tax provisions makes future planning quite difficult. Fortunately, technology improvements are making a smaller scale facility possible. We are currently working to bring in a new developer and starting on a smaller scale (8,000 barrels per day), which is now more feasible due to technology improvements

In addition to the Absaloka Mine and the Many Stars CTL project, there is good potential for additional development of very low-sulfur coal on the Reservation that is dependent on rail access to the west coast. This option is burdened by some cost disadvantage and additional BIA regulatory hurdles, as compared to nearby Federal coal.

Oil and Gas

Recent exploration has found natural gas reserves worth developing, but activity has been halted by the markets and the Bureau of Land Management's Application for Permit to Drill (APD) fees of $6500 per well. Off-reservation permit fees compare at less than $100. Limited oil exploration and development is occurring near the western edge of the Reservation.

Wind

Several years-worth of wind data indicates a steady and reliable Class 5/6 wind resource in several areas of the Reservation located in direct proximity to existing transmission lines. Because the wind resource areas encompass lands held in a variety of ownership patterns, including tribal trust, individual tribal member allotments (many of which are highly fractionated), and non-Indian fee lands, developing this resource has proved to be a challenge.

Hydropower

The recent Crow Water Rights Settlement Act of 2010 grants the Nation exclusive rights to develop and market hydropower from the Yellowtail Afterbay Dam. Preliminary planning is underway. To date, the plan is to build a small, low-head hydropower facility with an estimated capacity of 10 Megawatts to supply the local rural cooperatives that provide electric power to the Reservation.

Leveling the Playing Field for Indian Energy Projects

Regulatory obstacles

The lease approval and development process is burdensome, slow, and complicated. Regulatory requirements for appraisals and surface access approvals to conduct exploration on Indian trust lands, along with slow environmental assessments, create delays and uncertainties significant enough to make our projects non-competitive. These types of burdens and other limitations in the federal Indian law tend to discourage investments in, and ultimately development of our projects.

Incomplete land records, inadequate BIA staffing, and surface land fractionation add more burdens to energy projects on Reservation lands, in the form of extensive land work, mineral rights research, and hundreds of surface landowner consents.

Effective Federal tax incentives are essential to help offset some of these extra burdens.

Federal Tax Incentives

While the existing federal tax incentives work to encourage investment and development on Indian energy projects and to provide critical support to ongoing tribal energy projects, their usefulness is limited by the length of their applicability. For example, the tax incentives that have worked to keep the Absaloka mine open and competitive since 2006 are due to expire next year and so cannot be counted upon by investors considering support of mine expansions and other new long-lead-time projects and investments that will take 5 – 10 years to begin producing.

That said, we strongly recommend that the Indian Coal Production Tax Credit, the accelerated depreciation provision, and the Indian Wage Tax Credit be included in the extenders package

Congress considers this year. We also strongly support the Indian Coal Production Tax Credit and the accelerated depreciation provision being made permanent, along with some additional modifications. We recommend that the Indian Wage Tax Credit be refashioned to mirror the very successful Work Opportunity Tax Credit, which will be a much more effective tool to encourage employment on reservations. A detailed explanation of each of these three tax provisions with our recommended changes is attached.

Extension of Wind Energy Production Tax Credit is also essential to development of Tribal wind resources and ability for the Tribe to make direct use of the credit will provide options for ownership and control.

Finally, we recommend extending the expiration date of the current 50-cents per gallon alternative fuel excise tax credit for a period of 10 years following start-up for those coal-to-liquids (CTL) projects starting construction prior to 2020.

Conclusion

Given our vast mineral resources, the Crow Nation can, and should, be self-sufficient. We seek to develop our mineral resources in an economically sound, environmentally responsible and safe manner that is consistent with Crow culture and beliefs.

The Crow people are tired of saying that we are resource rich and cash poor. We respectfully request your assistance in setting the foundation to make our vision a reality.

We have been working to develop our energy resources and to remove obstacles to successful development. We hope to build a near-term future when our own resources, in our own hands, provide for the health, hopes and future of our people.

It is critical that Congress act to protect Indian nations' sovereignty over their natural resources and secure Indian nations as the primary governing entity over their own homelands. This will have numerous benefits for the local communities as well as the federal government.

The Crow Nation has been an ally of the United States all through its history. Today, the Crow Nation desires to develop its vast natural resources not only for itself, but to once again help the United States with a new goal -- achieving energy independence, securing a domestic supply of valuable energy, and reducing its dependence on foreign oil.

However, our vision can only become a reality with Congress' assistance. Mr. Chairman and Subcommittee members, thank you again for the opportunity to provide testimony on how federal tax policy and incentives can help level the playing field for Indian Energy development.

ATTACHMENT

Explanation of Proposed Indian Tax-Incentive Amendments

The *Omnibus Budget Reconciliation Act of 1993*, Pub. L. 103-66, 107 Stat. 558-63, codified at 26 U.S.C. 168(j), 38(b), and 45(A), provided for two Indian reservation-based Federal tax incentives designed to increase investment and employment on Indian lands. The theory behind these incentives was that they would act in tandem to encourage private sector investment and economic activity on Indian lands across the United States. Neither incentive is available for gaming-related infrastructure or activities. The incentives --- an accelerated depreciation allowance for "qualified property" placed in service on an Indian reservation and an Indian employment credit to employers who hire "qualified employees" -- expired on December 31, 2003, and have been included in the short-term "extenders packages" of expiring tax incentives since that time.

The Indian Coal Production Tax Credit was enacted in the Energy Tax Incentives Act of 2005 and serves to inoculate tribes that chose to mine their coal resources from the many vagaries of the markets, thereby allowing some stability in productive use of tribal resources for the benefit of these tribal governments and their members.

Permanent extensions of these tax provisions are sought in order to attract long term investment. Although short-term extensions do not provide the kind of certainty to investors when it comes to long-term business planning, the extenders serve to support the current operations for tribal energy tribes.

Indian Coal Production Tax Credit

The Indian Coal Production Tax Credit is very important to the Crow Tribe. The Energy Tax Incentives Act of 2005 provided a business tax credit starting in tax year 2006, based upon the number of tons of Indian coal produced and sold to an unrelated party. 'Indian coal' is coal produced from reserves owned by an Indian Tribe or held in trust by the United States for the benefit of an Indian tribe, as of June 14, 2005, and from facilities that were placed in service before January 1, 2009. The tax credit is calculated by multiplying the number of tons of Indian coal produced and sold by $1.50 for calendar years 2006 through 2010; and by $2.00 for calendar years beginning after 2010. Both dollar amounts will be adjusted for inflation each year. The credit does not apply for sales occurring after December 31, 2012. The purpose of this tax credit was to neutralize the impact of price differentials created by SO_2 emissions allowances thereby allowing Indian coal to remain competitive.

The Tribe seeks a permanent extension to the Indian Coal Production Tax Credit, and to allow the credit to be used against alternative minimum tax (AMT) for the full period of the credit, to extend the "placed in service" date (from "by January 1, 2009" to "by January 1, 2025"), and to delete the requirement that the coal be sold to an unrelated person (to allow mine-mouth coal conversion facilities to participate as well as facilities owned by Tribes).

As the original Indian coal production tax credit served to minimize the threat to the Crow Tribe's ability to continue to mine coal at the Absaloka Mine, and thereby continue providing employment and funding critical governmental functions, these amendments to extend the ICPTC now sought by the Crow Tribe will continue to accomplish those critical objects while allowing the Tribe further develop its very large low-sulfur coal resources in Montana.

Accelerated Depreciation Allowance

In general, "qualified Indian reservation property" is defined as property 1) used by the Federal taxpayer in the conduct of a trade or business within an Indian reservation, 2) is not used or located outside the reservation on a regular basis, and 3) is not acquired by the taxpayer from a person who is related to the taxpayer. Certain property ("qualified infrastructure property") *may* be eligible for the accelerated depreciation allowance even if located *outside* an Indian reservation if it connects with qualified infrastructure property located within the reservation. Specific examples included in section 168 are "roads, power lines, water systems, railroad spurs, and communications facilities." *See* 26 U.S.C. 168(j)(4)(C).

Depreciation schedules for qualified property are as follows:

3-year property	2 years
5-year property	3 years
7-year property	4 years
10-year property	6 years
15-year property	9 years
20-year property	12 years
Nonresidential real property	22 years

Because renewable and non-renewable energy activities require significant equipment and physical infrastructure and involve the hiring of large numbers of employees, the Congress has repeatedly recognized that the 1993 incentives are ideally geared to energy development on

Indian lands. Conservative estimates of proven and undeveloped energy reserves on Indian lands suggest that revenues to tribal owners would be in the billions.

As currently written, the depreciation allowance could be interpreted to exclude certain types of energy-related infrastructure related to energy resource production, generation, transportation, transmission, distribution and even carbon sequestration activities. We recommend that language be inserted to clarify congressional intent that this type of physical infrastructure does indeed qualify for the accelerated depreciation provision. In proposing this clarification, it is not our objective to eliminate those non-energy activities that might benefit from the depreciation allowance. Indeed, if adopted, the language we propose would continue to encourage other forms of economic activity on Indian lands.

The current definition of "Indian Reservation" also could be interpreted to exclude facilities such as the Absaloka Mine and future coal development to support coal-conversion facilities. The language we propose would clarify the definition of "Indian Reservation" to include facilities that utilize Tribal or Indian trust minerals that are located outside the Reservation surface boundaries, such as Crow coal in the "ceded strip" immediately north of the Reservation boundary, where the coal itself is held in trust by the United States and considered to be part of the Reservation.

By providing this clarifying language and making the provision permanent, this accelerated depreciation provision will enhance the Crow Tribe's ability to work with the energy industry to develop long-term energy projects using the Tribe's resources to advance our people.

Indian Employment Wage Credit

The 1993 Act also included an "Indian employment wage credit" in an amount not to exceed 20 percent of the excess of qualified wages and health insurance costs that an employer pays or incurs. "Qualified employees" are defined as enrolled members of an Indian tribe or the spouse of an enrolled member of an Indian tribe, substantially all of the services performed during the period of employment are performed within an Indian reservation, and the principal place of abode of such employee while performing such services is on or near the reservation in which the services are to be performed. *See* 26 U.S.C. 45(c)(1)(A)-(C). The employee will not be treated as a "qualified employee" if the total amount of compensation to that employee exceeds $35,000 annually.

Our experience in attempting to use this credit to attract private-sector investment in energy projects on our reservation is that it is so complicated and unfamiliar that most private entities conclude that the cost and effort of calculating the credit outweighs any benefit it may provide. We therefore propose that the wage and health credit be revised along the lines of the much-heralded Work Opportunity Tax Credit, which is less complicated and more likely to be used by the business community. We propose to retain the prohibition contained in the existing wage and health credit against terminating and rehiring an employee and propose to alter the definition of the term "Indian Reservation" to capture legitimate opportunities for employing tribal members who live on their reservations, even though the actual business activity may not be on-reservation. This amendment would allow the Indian Employment Wage Credit to more effectively fulfill the purpose for which it was originally enacted.

Statement of Daniel Jaynes

I, Daniel W. Jaynes, Wind & Site Engineer in Portland, OR, urge Congress to extend the wind energy Production Tax Credit for a period of 10 years or more. This tax credit is critical to the success of the wind energy industry where over 70,000 US workers are employed.

You have the power to support a recession-busting, climate-protecting, job-creating, community-strengthening industry and I urge you to exercise it with your colleagues on both sides of the Congressional aisle.

Thank you,

Daniel Jaynes

Statement of Danotek Motion Technologies

Written Comments for the Record: Hearing on Certain Expiring Tax Provisions

House Ways and Means Subcommittee on Select Revenue Measures

May 8, 2012

Comments submitted by:

Don Naab
President & CEO
Danotek Motion Technologies
8680 N. Haggerty Road, Canton, MI 48187
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dnaab@danotekmotion.com

Danotek Motion Technologies, headquartered in Canton, MI, develops and manufactures highly efficient energy permanent magnet generators and converters for the wind energy market. We're a growth stage company that's soon to commence delivery of production systems to wind turbine manufacturers in North America and Europe. The possible expiry of the PTC at the end of this year is something that greatly concerns us as it is already causing many leading turbine manufacturers to scale-back their US-related business projections in 2013 – and beyond. We believe that a strong US domestic market is a critical cornerstone to growth in our global business.

Statement contact:

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Statement of David Jordan

David Jordan
3651 Center Road, Madison, NY 13402
315-893-7496
davidjord67@hotmail.com

May 9, 2012

TO: U.S. House Subcommittee on Select Revenue Measures

FROM: David Jordan

TITLE OF HEARING: Hearing on Certain Expiring Tax Provisions

Dear Subcommittee,

I am writing to you today imploring you to end financial support of the wind energy industry through tax credits, loan guarantees, grants, and other tax and regulatory provisions. After investing billions of dollars in wind energy, we have yet to see a viable plan that benefits either the environment or the American citizens. Instead, we have stood by and watched our tax dollars funding non-American owned companies as they devalue our homes and property, degrade our environment, and destroy our communities.

Protect America, its communities, and its resources; stop the Production Tax Credit, the Investment Tax Credit, and all other federal support of industrial wind energy.

Kindest Regards,

David Jordan

Statement of David Rivers

I, David Rivers, of Hinesburg, Vermont, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources will create jobs and reduce our dependency of foreign oil – and this tax credit provides an incentive for the wind industry to continue to do just that. As an employee currently working in the wind assessment field, extending the PTC is critical to my job and my livelihood.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Thank you for your time and consideration.

Respectfully,

David Rivers

Statement of David Salvatore

David M. Salvatore
10172 Campbell Road
Sauquoit, New York 13456
315.737.1704 – davesne@roadrunner.com

May 9, 2012

RE: Hearing on Certain Expiring Tax Provisions

Dear Committee on Ways and Means Members:

For 20 years, taxpayers have propped up the wind energy industry. Despite the many tens of billions of dollars ($14 billion last year) given to them via the production tax credit, the more recent investment tax credit, and other tax and regulatory provisions, as well as loan guarantees and outright grants, the industry still comes begging.

And even after 20 years of such largesse, the industry can not show any meaningful benefit concerning any energy, pollution, or carbon problem.

Instead, rural communities have been left divided, landscapes degraded, bird and bat populations threatened, and already dwindling natural habitats destroyed.

I urge you to END the Production Tax Credit, the Investment Tax Credit, and any other federal support of industrial wind energy.

Sincerely,

David M. Salvatore

Statement of DC Association of Realtors

Edward R. Krauze

District of Columbia Association of REALTORS®

500 New Jersey Avenue, NW

202-626-0099 / 202-422-5754

ekrauze@gcaar.com

Chairman Tiberi – Hearing on Certain Expiring Tax Provisions

Comments from the District of Columbia Association of Realtors®
On the issue of
Extending Tax Incentives for Business and Individual Investment in the District of Columbia

The District of Columbia Association of REALTORS® would like to express their unequivocal support for extending the tax incentives for business and individual investment in the District (26 U.S.C. section 1400-1400 ©). These incentives are incredibly vital to our businesses, jobs, and more personally our members and our clients: the first-time District Homebuyers who have been able to start and many cases change their lives through homeownership. These first-time homebuyers are literally and figuratively changing the District right before our eyes.

In the latest census in 2010, the District gained population (5.2%). This is the first time since the 1950 census that the District of Columbia has gained population; that is a sixty-year or six-decade turnaround. This success can be traced directly to the District homebuyer tax credit. The District's homebuyer tax credit stopped the taxpayer exodus for the first time in decades. Neighborhoods began to make forward progress. These new residents began to invest, not only in their homes, but in their neighborhoods. This investment attracted even more new residents who were willing to move. Now, this positive growth is beginning to undo the fifty years of decline.

Extending these tax incentives is critical to overcoming the District's special circumstance and becoming permanently self-sustaining. Unfortunately, the District's revenue capacity is severely limited. Over half of the DC's real property is exempt from taxation because it is owned by the federal government, foreign governments or tax-exempt organizations. While under federal law, the income of 65% of the DC work force is exempted from DC taxation. Further still, the District alone has no state revenue source, but state obligations. The District continues to be the only city in America that must pay for expensive state functions, including Medicaid.

Therefore, attracting and retaining businesses, jobs, and homeowners are paramount to maintaining the District's progress towards economic self sufficiency. Without the tax extenders the District's achievements and progress could easily be undone in this economy.

On behalf of the more than 2,400 Realtor® members who work hard to help all types of potential District homeowners (such as members of Congress and their staffs) we strongly urge and encourage you to extend the tax incentives for business and individual investments for at least the next two years, for 2012 and 2013.

Thank you for your time and support of the District.

Sincerely,
Edward R. Krauze
Chief Executive Officer
District of Columbia Association of Realtors®

VINCENT C. GRAY
MAYOR

The Honorable Pat Tiberi
Chairman
U.S. House of Representatives
Ways and Means Subcommittee
on Select Revenue Measures
1101 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Tiberi:

Thank you for your interest in ensuring that American businesses and taxpayers have a tax code that helps to promote their commercial activities. Your commitment to this issue has truly made a difference and it does not go unappreciated.

The District of Columbia Enterprise Zone has increased employment, diversified the tax base, and enhanced the long-term fiscal health of our nation's capital. It is a vital tool to encouraging economic development in the District of Columbia and I urge you to extend the program as quickly as possible.

The District of Columbia Revitalization Act of 1997 (Act) authorized certain federal tax expenditures to encourage private investment in businesses and residents within the Enterprise Zone. Today, I can report that the availability of these tools has made a significant difference:

- Zero percent capital gains treatment of investment earnings has helped to attract major new commercial initiatives, and development to major corridors in the District;

- The $5,000 first-time homebuyer tax credit has helped boost District home sales dramatically, with single family home sales rising by several thousand units;

- Enterprise Zone employer tax credits have created a business environment that has helped to attract and retain thousands of District jobs and increase business profitability;

- $156 million of Enterprise Zone bond proceeds have leveraged approximately a billion dollars of private investment capital and generated thousands of District jobs; and

- More than $700 million of bonds has been issued to finance a dozen elementary and secondary schools, including traditional and public charter schools.

Put simply, the District of Columbia Enterprise Zone has been a consistent and continued success. I greatly appreciate your support on this issue and urge you to ensure that Congress takes prompt and favorable action on this critical initiative.

Sincerely,

Vincent C. Gray

Vincent C. Gray
Mayor

CC: The Honorable Richard Neal, Ranking Member
The Honorable Eleanor Holmes Norton, Delegate

Statement of Deborah Wagner

Deborah Wagner
198 Market Street
Brookeville, MD 20833
dwagner0602@gmail.com
301.774.2509

April 27, 2012

Ways and Means Committee:

Re: Hearing on Certain Expiring Tax Provisions

I respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Without some certainty about future policy, numerous firms will simply refuse to commit themselves to clean energy projects.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. Local wind farms work for communities, bringing in construction jobs at first, and maintenance jobs in the future, generating revenue for the community over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is the best thing for us to do to secure a peaceful and livable future, and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away. The committee must understand that this is an issue about the future of America. Amazingly, we are still providing all kinds of tax subsidies for fossil fuel companies that earn huge profits. But without the development of a sustainable energy infrastructure, we will not have a future. Fossil fuels are changing the climate, becoming increasingly expensive, and shrinking in supply.

Think of our children, their health and economic prosperity. Please vote yes to extend the production tax credit.

Sincerely,

Deborah Wagner

Statement of Denali Energy, Inc.

April 24, 2012 Sent Via Electronic Transmittal

To the Honorable Members of *The Ways and Means Committee* of the House of Representatives of the United States of America

Re: The extension of the wind energy production tax credit (PTC)

Dear Sir and/or Madam,

I, Curt Johnson, CEO of Denali Energy, Inc. and Principal of Hartland Wind Farm, LLC, Pequot Lakes, Minnesota, am writing to your committee and am respectfully urging Congress to extend the wind energy production tax credit (PTC) as quickly as is possible.

I also wish to share a few thoughts as to my perspective for the immediate renewal thereof:

1) Let's better define what the PTC really is:

The PTC is an "incentive" and NOT a subsidy. One has to "produce" something in order to benefit under the PTC.

2) How does it advance energy development activity:

Firms such as our will utilize the PTC to raise "Private Capital" to develop and finance our wind energy project and competitively produce electricity.

3) Who will benefit from the PTC:

First is the consumers of the electricity that we produce. Our product will be priced at competitive rates within the marketplace, as the market is reluctant to pay more than market price. The PTC "WILL NOT" cause the price of electricity to rise. Quite the opposite in fact. The laws of supply and demand will be employed in this case, and the PTC will likely cause the price to retreat, given the additional supply of the product, electricity.

Second will be the source of the Private Capital. Those that purchase or otherwise "monetize" our PTC's are of "very high net worth" or "very profitable" corporate entities. This is where we, as developers, find our source of "unconventional" financing. In exchange for a promise to transfer the PTC, upon production of the product, electricity, they provide to us the needed capital for project development and financing.

Finally, these high net worth individuals and/or entities utilize the PTC's they've received from us, post product production, to effectively lower their tax burden(s), thus, providing them more capital for investment into our economy.

In summary, for those Republican committee members, the PTC is a "tax break" for the "One Percenters", plain and simple, for those Democrat committee members, the PTC furthers the economies of "Rural America", who benefit from the development of energy projects such as our Hartland Wind Farm project in rural Northwestern North Dakota, and for those Independent committee members, the PTC furthers the Security of our Nation and creates jobs deep into the supply chain of energy development, which includes manufacturing and the consumption domestic of raw materials.

In closing, quite frankly, I just can't see how anyone could argue **against** the renewal of the Production Tax Credit.

Thank you.

Sincerely,

Curt Johnson
CEO – Denali Energy, Inc.
Principal – Hartland Wind Farm
31941 County Road 112 – PO Box 149
Pequot Lakes, MN 56472 - Telephone 218.568.6500 (Office – Main) – Email: curtj@denalicompanies.com

The Denver Center
for the Performing Arts

Name: D. Randall Weeks, President
Organization: Denver Center for the Performing Arts
Address: 1101 13th Street, Denver, CO 80204
Phone: 303 893 4000 ext 2242
E-Mail: rweeks@dcpa.org

House Ways and Means
Select Revenue Measures Subcommittee

Mr. Chairman:

As President of The Denver Center for the Performing Arts I know the value of charitable giving to the work that we do, including performances on our stages and arts in education in our schools. For the past several years, we have benefitted from IRC section 408 (d) (8), the deduction of tax-free distributions from individual retirement plans for charitable purposes. The IRA charitable rollover tax incentive, first enacted in 2006 under the Pension Protection Act, encourages charitable giving by older adults by allowing donations up to $100,000 to be given directly from the IRA to the chosen charity with no tax on the withdrawal.

As you know this provision lapsed in prior years and then was reinstated retroactively. Unfortunately many individuals plan for their IRA withdrawals long in advance, and retroactive measures limit the effectiveness of this provision. I urge you to reinstate the IRA Charitable Rollover as soon as possible to make it possible for older Americans who try to plan their IRA withdrawals early in the year to include charitable giving with the assurance that this provision will be in effect.

The Denver Center ranks as the largest performing arts institution between Chicago and the West Coast, combining Broadway Touring with Resident Professional Theatre under one roof, with an annual budget of $50 million and serving some 750,000 patrons each year.

The trustees and staff of the DCPA recognize that all provisions will be studied carefully as Congress begins the process of overhauling the tax code for the future. In the meantime, we believe that it is important that donors and charitable organizations can do their best work, knowing that the IRA charitable rollover tax incentive will work for them in 2012.

We greatly appreciate your attention to this significant matter, and will be happy to answer any questions you may have.

Sincerely,

D. Randall Weeks
President
Denver Center for the Performing Arts

Cc: Colorado House Delegation

Statement of Diana Shaw

Date: April 24, 2012

TO: U.S. House Subcommittee on Select Revenue Measures (Committee on Ways & Means)

RE: Opposition to the PTC Extension

I urge you to oppose the renewable energy production tax credit (PTC) extension. Our country needs its limited dollars to address critical needs in health care, social services, and true economic development – not the sham of creating jobs thru Big Wind and making the wealthy richer! Please listen to what is left of the middle class, and take heed of the pleas from the low income citizens. Do not vote to extend this tax credit.

Thank you for your consideration.

Name: Diana Shaw
Address: P. O. Box 631814, Lanai City, HI 96763
Phone Number: 808-565-9010
Contact E-mail Address: Shawdm@alum.urmc.rochester.edu
Title of Hearing: "Hearing on Certain Expiring Tax Provisions"

Submitted Testimony of the Distributed Wind Energy Association
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
April 26, 2012

Organization: Distributed Wind Energy Association (DWEA)

Name: Mike Bergey, President of Bergey Windpower, President of DWEA

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Phone: (928) 255-0214

Contact: Jennifer Jenkins, Executive Director, DWEA
jjenkins@distributedwind.org

I am Mike Bergey, the President of Bergey Windpower and the current President of the Distributed Wind Energy Association (DWEA). I submit this testimony in that capacity and on behalf of DWEA.

The Distributed Wind Energy Association (DWEA) is a national trade association comprised of wind energy component manufacturers, distributors, project developers, dealers, installers, and advocates, whose primary mission is to promote and foster all aspects of the US distributed wind energy industry. DWEA has dozens of member companies located throughout the United States.

"Distributed wind," also commonly referred to as "small" or "community wind," involves the use of typically smaller wind turbines at homes, farms, businesses, and public facilities to off-set all or a portion of on-site energy consumption. This segment of the renewable energy industry already represents approximately $2 billion in new energy infrastructure for America's rural communities and commercial and industrial energy consumers on an annualized basis. Also, more than 80 percent of distributed wind turbines sold in the U.S. are manufactured here at home. We appreciate this opportunity to comment on certain expiring provisions that significantly impact our industry.

Background on the Distributed Wind Industry

Community and distributed wind is a dynamic and growing segment of the renewable energy industry. It represented 5.6 percent of all new wind projects in the US in 2010 and that figure rose to over 7 percent in 2011. A unique aspect of most community and distributed wind projects is that local citizens and communities have an ownership stake in these projects, meaning many of the benefits of the project remain in the community, fueling clean energy development through renewable energy production, reducing costs for electricity, benefiting local economies, and driving job creation.

Because community and distributed wind projects are typically smaller than commercial scale projects and the energy generated is often not for wholesale grid distribution but rather for use by energy consumers at or near the site of generation, they provide several advantages over larger, commercial-scale power projects.

First, by placing generation closer to its point of consumption, the deployment of distributed wind power can reduce the need for new centralized generation and transmission facilities and can reduce stress on existing distribution infrastructure.

Also, because of local investment and employment, community wind projects frequently have a more significant local economic impact than utility wind projects, often providing up to three times more economic impact to a community than larger commercial-scale projects. Thus, community wind projects provide a powerful economic development tool for farmers, ranchers, small business, schools, hospitals and rural communities across America, at a time when job growth is of preeminent concern.

These projects often trigger community interest and support for the development of larger, utility-scale wind projects that, in turn, generate even more clean, domestic, renewable energy and create more good-paying local jobs.

In addition, distributed wind power aggressively promotes our energy security. It's very hard to terrorize wind turbines dotting the landscape.

However community wind projects face unique challenges when compared to conventional, utility-scale wind power, ranging from access to financing, to the inability to take full advantage of federal tax benefits. Despite these barriers, community wind projects have devised innovative financing structures to move forward with projects in areas with quality wind resources and predictable tax treatment of these projects is central to that success.

Current Law

While much attention in the renewable electricity industry has been placed on an extension of the Production Tax Credit (PTC) for renewable electricity, DWEA urges extension of the existing federal Investment Tax Credit (ITC) for all new wind power projects through 2016, which is crucial to the continued growth of this emerging industry.

Internal Revenue Code § 45 enables all electricity generated from wind to receive a PTC for 10 years after equipment installation, provided it is placed into service by December 31, 2012. Internal Revenue Code § 48 of the Code allows companies, in lieu of the PTC, to claim a 30 percent ITC for all wind facilities placed into service by December 31, 2012.* In other words, under current law, any company that places a wind facility into service before December 31, 2012 can claim either:

- A PTC of 2.2¢/kWh for electricity produced from the wind for 10 years; or
- A one-time ITC worth 30 percent of the cost of the facility.

Smaller community and distributed wind projects rely heavily on the ITC to finance their projects and installation. Although the PTC has the potential to be more valuable to specific types of wind project developers over the life of certain, often larger, projects, the ITC is vital for distributed wind projects because potential incentives available under the PTC are ill-suited to support private financing for distributed wind projects. This is the case for three primary reasons:

1. Renewable energy investors cannot take advantage of a PTC unless the energy generated from that project is sold to a third party. As indicated above, distributed generation, by its very nature, is designed to be consumed on-site, often by the project developer himself or herself, and is seldom sold to a third party. This greatly limits the accessibility and value of a PTC to small wind project developers. The ITC is not limited by this third-party requirement.
2. Moreover, the PTC can only be used to offset passive income. This feature generally does not impede large, institutional investors, because they routinely realize significant passive income that can be offset by a PTC. However, because many potential investors in small, community or distributed wind projects have inadequate or no passive income, they are precluded from taking advantage of this tax credit, making the ITC much more attractive and valuable to the distributed wind industry.
3. Finally, and relatedly, in order to fully realize the significant multiplier effect of small, distributed wind projects on local economies, and minimize local opposition to new community wind projects, it is ideal to develop a broad pool of local investors for these projects. If they are unable to utilize the PTC and the ITC is allowed to expire, this financial and personal support will not materialize and projects will not get done.

Renewing the ITC for land-based wind power through 2016 is also a matter of parity and fairness. Solar photovoltaic projects of any size are currently eligible for an ITC through 2016 and are widely used in distributed applications. In many areas and for many consumers, these two distributed generation technologies compete directly against one another. Extending the ITC for wind through 2016 creates a

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* The ITC will continue in force for small wind projects (up to 100kW) placed in service through the end of 2016. Also, solar projects of any size will continue to be eligible for the ITC through 2016.

level playing field among these technologies and allows the customer to determine the optimal technology selection for a given site.

Without an ITC extension for wind projects, federal incentives will lead farmers, schools, manufacturers, retailers and communities to deploy solar photovoltaics or continue to consume non-renewable energy from a centralized utility, rather than providing a broad range of energy choices, to the unfair detriment of the distributed wind industry.

Conclusion

For the reasons stated above, we urge the House Ways and Means Committee to approve and send to the full House of Representatives legislation that would immediately extend the § 48 ITC election through 2016 for all sizes of wind power projects. An ITC extension would maintain a level playing field among competing renewable energy technologies, provide business certainty to the smaller segments of the wind energy industry that are generally unable to utilize the PTC, and enable it to continue to deploy clean renewable, domestically produced energy, using American made equipment, to drive economic growth and job creation in communities across the country.

Thank you again for the opportunity to submit these comments and we look forward to working with you to ensure the continued expansion of this dynamic and growing American industry.

Sincerely,
Mike Bergey
President, DWEA

Written Comments for the Record: Hearing on Certain Expiring Tax Provisions

House Ways and Means Subcommittee on Select Revenue Measures

May 9, 2012

Comments submitted by:
Karen Conover

Vice President

DNV KEMA Energy and Sustainability

1809 7th Ave., Suite 900

206-387-4200

Karen.conover@dnvkema.com

DNV KEMA Energy & Sustainability (DNV KEMA) urges the U.S. Congress to extend the wind energy production tax credit (PTC) as quickly as possible. DNV KEMA, with more than 2,300 experts in over 30 countries around the world, is committed to driving the global transition toward a safe, reliable, efficient, and clean energy future. With a heritage of nearly 150 years, we specialize in providing world-class, innovative solutions in the fields of business and & technical consultancy, testing, inspections & certification, risk management, and verification. We advise and support organizations along the energy value chain: producers, suppliers & end-users of energy, equipment manufacturers, as well as government bodies, corporations and non-governmental organizations. DNV KEMA Energy & Sustainability is part of DNV, a global provider of services for managing risk with more than 10,000 employees in over 100 countries.

DNV KEMA's Cleaner Energy Services business line includes over 250 people who provide consulting services specifically to the wind energy industry, including engineers, scientists, analysts, and support personnel. In the US, we have wind energy specialists in our offices in Seattle, Boston, Houston, and the San Francisco Bay area. Additional personnel from other departments and offices within the company contribute to our wind energy work to provide support in areas such as composites and materials, maritime and offshore expertise, grid integration, structural analysis, and numerical modeling, and other disciplines.

Over the last year, we have had to reduce our wind energy staff in the US by approximately 15%, as uncertainty over the extension of the wind energy PTC began to reduce the amount of pre-development activity on wind projects. In addition, we've sent many of our wind energy experts to work in other offices in Europe, South America, and Asia to support our growing business in these geographic reasons. Without the PTC extension, a significant amount of additional jobs will be at risk. These positions are filled by well-educated, highly-skilled technical professionals. We urge the Ways and Means Committee to take up the PTC extension right away in order to save these jobs.

DNV KEMA has been actively involved in the global wind energy industry for over 25 years. The PTC has been the most effective policy mechanism to grow the wind industry in the US. In just the past five years, while the PTC has been continuously available, over 35,000 MW of wind energy has been installed. During this time, wind energy has accounted for 35% of all new electric generating capacity in the US. This growth has been complimented by technology advances and innovation that has increased the efficiency and reduced the cost of wind turbines significantly. Although the US has been viewed as a world leader in wind energy, we are now in danger of losing our position in the global marketplace as the US faces a standstill in development without the PTC extension. Over 70 countries now generate wind energy and China has surpassed the US in installed wind energy capacity.

In addition to the PTC, 29 states have enacted renewable energy standards. In combination, these two policies have driven the industry's growth. For companies considering investments in the U.S., a federal PTC in addition to existing state standards is critical to providing them with the confidence to make these multi-million dollar capital investments

Wind energy is widely supported by US citizens and is viewed as a true success story. As an indigenous natural resource, wind energy addresses concerns about energy security, climate change, and diversification of our energy generation. It acts as a hedge against future fuel price increases, creates jobs, and brings additional revenue streams to our rural communities. We need consistent federal policy to help the wind industry continue to thrive in the US. DNV KEMA urges Congress to take swift action to extend the PTC to ensure the continued growth of the US wind industry

Statement of Donna Davidge, Peter Connely, and Candy Rupley

We are against and PTC for renewables especially wind

It is ineffective and robbing the taxpayers and ruining our most pristine nature and wildlife,

www.protect-our-lakes.org

Island Falls Maine

Donna Davidge
Peter Connely
Candy Rupley

April 15, 2012

Statement of Dorayne Peplinski

Dorayne Peplinski

Town of Warren Councilwoman

270 Parmwood Road

Richfield Springs NY 13439

Phone: 315-858-1498 Email : 13dpep@gmail.com

"Hearing on Certain Expiring Tax Provision"

May 3, 2012

After twenty years of wasting taxpayer dollars on wind energy the industry still cannot survive on its own.

Not only does the wind industry receive billions of dollars from the "production tax credit' but also another generous subsidy "accelerated depreciation". It's no wonder why this is such a lucrative business for the foreign companies that are pushing industrial turbines in the United States.

Wind energy is so expensive that many states have passed mandates that require utilities to purchase it and now that cost is passed on to the consumer. Where is the sanity in all of this?

The US should be looking at the failure of wind production in Europe; it is always easier to learn from the mistakes of others. So it makes me wonder is it about the production of energy or just plain GREED, again at the expense of the taxpayer.

It is time to use a scientific approach in regards to U.S energy production.

Please retire the PTC and save the taxpayer from further wasteful spending.

Respectively,

Dorayne Peplinski

Statement of Dorothy-Anne Johnson

Title of Hearing: Hearing on Certain Expiring Tax Provisions

I, Dorothy-Anne Johnson, Disease Management Program Manager, residing at 5149 Rockdale Court, Centreville, VA, 703-266-4466, email at nursejohnson25@yahoo.com , respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farms in areas I have traveled to revitalize communities – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for community schools and hospitals over the lifetime of the project. I'm hoping for similar effects as they expand into my area. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Douglas Lawson

Hearing on Certain Expiring Tax Provisions

I, Douglas Lawson, a landowner in Niotaze, Kansas, *respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.*

The Cross Timbers of Southeast Kansas has little agricultural and ranching value because of its rocky topography. But this is why it has recently become the site of the Elk Ridge Wind Farm. The wind energy production tax credit is transforming this historically underdeveloped zone.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to report favorably on extending the wind energy production tax credit.

Douglas Lawson

2804 Dalton Rd.

Niotaze, Kansas 67355-9014

620-879-5491

lawsonda123earthlink.net

Statement of Dwayne Weismann

Wednesday, April 25, 2012

I, Dwayne Weismann, a disabled resident of Sarasota, Florida respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The production tax credit encourages wind as an energy source as opposed to fossil fuels which while providing much-needed energy for our country also produces pollution and countless other adverse affects on our clean air, clean water and the overall health of our citizens. Natural gas is being touted as the energy of the future, but the damage done to our own citizens around areas used to harvest natural gas through "fracking" has shown significant health risks over time and the long-term health risks have yet to be determined. Oil is a very costly and forces us to be dependent on outside sources for energy not to mention the risk of accidents brought about by the Valdez & the Deepwater Horizon well.
I urge the committee to take up an extension of the wind energy production tax credit right away. It is important to encourage alternative forms of energy in today's world where energy production is so expensive.

Thank you,

A Concerned Citizen

Dwayne Weismann
3655 Huntington Place Drive
Sarasota, FL 34237
941-487-8449
dweismann61@gmail.com

Climate & Renewables

E.ON Climate &
Renewables
North America, LL[illegible]
[illegible]

U.S. House of Representatives
Ways and Means Committee

April 25, 2012

Production Tax Credit

Honorable Committee Members-

E.ON Climate & Renewables , a leading wind project developer based in Chicago, IL urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

E.ON and other developers are at risk of cancelling development projects slated for 2013 construction because of the expiration of this credit. Not only are development jobs at risk but so too are construction, operations and maintenance jobs at stake. The PTC results in a net increase in federal tax revenue, job creation, and economic development for rural America.

The PTC SHOULD NOT BE A PARTISAN ISSUE. The PTC benefits; rural landowners, agricultural families, rural communities, utilities, utility customers, air quality, water resources, municipal, county, state and federal tax revenue.

I strongly urge this committee to immediately take up an extension of the wind energy production tax credit. Further delaying support for this industry delays its contribution to job growth and economic development.

Regards-

Collin CS Whitehead
Development Manager
E.ON Climate & Renewables
mobile: 773.59.3139
collin.whitehead@eon.com

Written Testimony
Submitted to the House Ways and Means Subcommittee on Select Revenue Measures by
Steve Trenholm, Chief Executive Officer
E.ON Climate & Renewables North America, LLC
April 26, 2012

As CEO, I can tell you our experience at E.ON Climate & Renewables North America (E.ON) demonstrates the wind energy production tax credit produces the results it was designed to accomplish.

- E.ON will have a fleet of approximately 3,000 megawatts of U.S. wind generation by the end of 2012.
- This represents nearly $5 billion of direct foreign investment in the United States.
- The construction and operation of these long-term capital investments has produced rural economic development in:
  - New York
  - Pennsylvania
  - Illinois
  - Texas
  - Indiana.
- In addition to local construction and operations jobs, E.ON has increased local tax bases and provided royalty payments to landowners within the project boundaries.
- The PTC has worked as it was designed to, creating certainty within the tax code and allowing wind energy to compete on an industrial scale. As a result, our investment, along with that of other developers, has spurred major turbine suppliers to establish manufacturing facilities in the United States, supporting a supply chain of nearly 500 U.S. manufacturers in 44 states with approximately 75,000 jobs.

Our hope is to continue wind energy investments in the U.S. Unfortunately, with approximately $1 billion of our development pipeline "ready to construct" in 2013, the uncertainty surrounding the PTC's future has forced E.ON to delay ordering turbines and to delay construction of these projects.

Unless Congress extends the PTC soon, the financing for these projects will be redirected by our corporate parent to other projects in non-U.S. markets. Like other developers, E.ON has also reduced staff due to the PTC uncertainty.

E.ON strongly urges the Committee to immediately consider and pass an extension of the wind energy production tax credit. The PTC is a tax incentive that produces exactly the investments it was designed to accomplish.

Contact Information:

Steve Trenholm, CEO
E.ON Climate & Renewables North America, LLC
353 N. Clark Street, Floor 30
Chicago, IL
(312) 923-9463
Steve.trenholm@eon.com

Statement of Edward Kelly

Edward Kelly
1031 Colin Dr.
Royersford, PA 19468

Phone: 610.792.1165
eMail: ed.kelly5@gmail.com

April 24, 2012

Re: Hearing on Certain Expiring Tax Provisions

Dear Committee Members,

I respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Exploiting all available sources of energy for our country minimizes our dependence on foreign sources of energy and ensures not only our national security but economic leadership in the world.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. This investment creates jobs that require skills that the US needs to compete in the global, 21st century economy; Jobs that create products and services that can be exported. I can't imagine the US remaining a preeminent economy, if we continue to rely only on coal and oil for our future.

Wind energy is also clean and efficient and so reduces the environmental impact that our children will be forced to endure if we ignore clean energy.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

Ed Kelly

Efficiency First
America's Home Performance Workforce

May 10, 2012

The Honorable Pat Tiberi, Chair
The Honorable Richard E. Neal Ranking Member
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

RE: Hearing on Certain Expiring Tax Provisions, April 26, 2012

Dear Chairman Tiberi and Ranking Member Neal:

On behalf of Efficiency First, a trade association representing America's Home Performance workforce (see attached list of members), I thank you for the opportunity to express support for the restoration and extension of the residential energy efficiency (25C) tax credit. As large and small businesses that make up the home performance industry – including contractors, building product manufacturers and related organizations – we recognize that energy efficiency tax incentives are critical to increasing the efficiency of our nation's homes, reducing energy bills, and putting our contractors back to work.

We urge you to extend the Tax Code Section 25C that provides a 10% tax credit for the purchase of certain energy efficient materials up to $500. Since its passage in 2005, this tax credit has been a significant incentive for homeowners to choose energy efficient products over less-expensive and less-efficient alternatives. It has proven to be an important tool to promote energy efficiency by affording home owners the opportunity to add enhanced insulation and air sealing to their home, as well as install highly energy efficient HVAC systems, hot water heaters, and windows and doors. It has also served to create and preserve American jobs in the remodeling and retrofit industry.

The 25C tax credit could be improved. Between December 31, 2008 and January 1, 2011 the tax credit was expanded to 30% of the purchase of the energy efficiency products up to $1500. This supported a growth in demand for those products in a challenging economic environment for the building industry. A return to those levels would further support American jobs in the residential building sector.

In addition to restoring, extending, and expanding the 25C tax provision, Efficiency First expresses support for a new tax credit proposal, recently introduced in the Senate. The bi-partisan "Cut Energy Bills at Home Act" (S.1914) would create the 25E tax credit -- the first residential performance-based tax credit given to homeowners who make energy efficiency improvements. As a performance-based incentive, 25E would reward energy saving levels rather than specific products, thus aligning taxpayer dollars directly with public policy objectives, creating significant energy savings and job creation. The 25E tax credit would lay the foundation not only for short term gains, but will also help create a market for energy efficiency and an incentive for sound, efficient construction by trained contractors.

Few tax credits under consideration provide tax relief to the average American homeowner. Both 25C and 25E would reduce America's energy use, create jobs, protect our nation's security, and put money back into the pocket of the American taxpayer.

We appreciate the opportunity to express our support of these two important tax provisions. Should you have any questions about our position or organization, please do not hesitate to contact me or our Washington Representative Kara Saul Rinaldi at kara@anndyl.com or 202.276.1773 directly.

Sincerely,

Jay Murdoch
Executive Director
Efficiency First

70 Zoe Street
Suite 201
San Francisco, CA 94107
202.680.8915
jay.murdoch@efficiencyfirst.org

Title of Hearing : **Hearing on Certain Expiring Tax Provisions, April 26, 2012**

EfficiencyFirst
America's Home Performance Workforce

Company	City	State
106 Greenway	Kansas City	KS
411 Energy Experts	Coppell	TX
Essess, inc.	Cambridge	MA
A Benchmark Energy Solution	Sacramento	CA
A to Z Green Solutions Inc.	El Paso	TX
A.J. Michaels Mechanical Services	Baltimore	MD
AAA Service Network	Howell	MI
AboutSavingHeat.com	Denver	CO
Abrahamse & Company Builders,	Charlottesville	VA
AC Home Performance	Bay Point	CA
Acorn Home Improvements, Inc	East Hanover	NJ
Adcor	Duvall	WA
Advanced Building Technology	Clackamas	OR
Advanced Home Energy	Richmond	CA
Advanced Home Inspections	Austin	TX
Advanced Home Performance	Sebastopol	CA
AFC First Financial Corp.	Allentown	PA
Affordable Energy Now, LLC	Hanover	PA
Affordable Home Remodeling	Gresham	OR
Affordable Home Solutions	Moorestown	NJ
Alban Inspections, Inc	Bethesda	MD
Albemarle Heating & Air	Charlottesville	VA
All American Plumbing-Heating-Air & Solar	Los Banos	CA
All Elements Mechanical Corporation	Longwood	FL
All-State Energy Solutions LLC.	Southfield	MI
Allen Associates	Santa Barbara	CA
Allied Energy Global of South FL LLC	Bonita Springs	FL
Allterra Environmental, Inc.	Santa Cruz	CA
Alpha Energy Savers	Clackamas	OR
American AWS Corp	Deer Park	NY
American Home Consultants LLC	Madison	WI
American Property Consultants, Inc.	Saint Leonard	MD
American Western Of Arizona L.L.C.	Tucson	AZ
Amerigreen Property Solutions	Tehachapi	CA
Ampro	Detroit	MI
Anchor Insulation	Pautucket	RI
Anderson Home Inspection, llc	Waterford	WI
Antec Energy LLC	North Haven	CT
Antonio Ciampa	Bronxville	NY
Apollo Energies	Vacaville	CA
Apperson Energy Management	Redwood Valley	CA
AppleBlossom Energy Inc.	Harrisburg	NC
Arkansas State University-Newport	Newport	AR

Efficiency First
America's Home Performance Workforce

Arthaus, LLC	Encinitas	CA
ASI Hastings Heating & Air	San Diego	CA
Associated Inspectors, Inc	Las Vegas	NV
Assured Energy Solutions	Frankfort	IL
Atlas Services Inc.	Fallston	MD
Austin Green Team	Austin	TX
Avenue Builders	Alexandria	VA
Bassett Building and Construction	Elverta	CA
Batt + Lear	Seattle	WA
Beckner Contracting & Managment	Walnut Creek	CA
Better Building Performance	Las Vegas	NV
Better World Builders, LLC	Kalamazoo	MI
Beutler Corporation/Advanced Comfort & Energy Systems	Mcclellan	CA
Bill Brittan	Concord	CA
BKi (formerly Bevilacqua-Knight, Inc.)	Oakland	CA
Bovio Advanced Comfort & Energy Solutions	Sicklerville	NJ
BPTC LLC	Tonawanda	NY
Bright Power	Ny	NY
Bucks County Opportunity Council	Quakertown	PA
Buffalo Energy, Inc.	Elma	NY
Build It Green	Berkeley	CA
Building Performance Institute	Malta	NY
Building Performance M.D.	Van Nuys	CA
Building Performance Solutions	Lockport	NY
Building Professionals	Washington	DC
Building Science Academy	Sparta	MI
Building Science Inc.	Mechanicsville	VA
C & J Construction Co., LLC	Prairie Village	KS
C.R. Wolfe Heating Corp	Middletown	NY
Caal Synergy Group, Inc	San Pedro	CA
CAL Custom Building Services, Inc	Santa Rosa	CA
Calcerts, Inc.	Folsom	CA
California Center for Sustainable Energy	San Diego	CA
Carbon Reduction Services	Culver City	CA
Carl's Air Conditioning and Sheet Metal, Inc.	Henderson	NV
Cascadia Consulting Group	Seattle	WA
Cellar Ridge Energy Works	Mcminnville	OR
Chaffey College	Rancho Cucamonga	CA
CHD International	Irvine	CA
Chick of All Trades	Portland	OR
Chris Cone Consulting	Cotati	CA
Christopher John Robert Laycock LLC	Saline	MI
Cincinnati Energy Solutions LLC	Cincinnati	OH

City of Henderson	Henderson	NV
CMC Energy Services	Fort Washington	PA
CNT Energy	Chicago	IL
Co-Op Air Conditioning and Heating	Tukwila	WA
Co-op Power	Greenfield	MA
Coho Construction Services, Inc.	Portland	OR
Colorado Home Efficiency Consultants	Thornton	CO
Comfort Engineering	Las Vegas	NV
Comfort Insulation	Owings	MD
Comfort Source LLC	Charlottesville	VA
Commonwealth Building Sciences,LLC	Richmond	VA
Commonwealth Sustainability Works	Culpeper	VA
Community Action Agency of Siouxland	Sioux City	IA
Community Development Corporation of Long Island, Inc	Centereach	NY
Community Housing Partners	Christiansburg	VA
Community Services Consortium	Corvallis	OR
Competitive Resources Inc.	Yalesville	CT
Complete Home Solutions	Lothian	MD
Con Com T, Inc.	Carmel	CA
Conservation Connection Consulting	Fairchild	WI
Conservation Services Group MA	Westborough	MA
Conservation Services Group of Ohio	West Carrollton	OH
Consolidated Construction	Lakewood	CA
Constructive Ideas LLC	Champaign	IL
Contract Action LLC	River Vale	NJ
cosel reed group llc	Lakeville	CT
Country Wide Energy Audits	Cave Creek	AZ
Cozy Home Performance LLC	Northampton	MA
CTC Home Performance	Ringwood	NJ
D.H. Berry Inc.	N. Tonawanda	NY
DAN FULMER CO., INC.	Rochester	NY
Danielsen Construction & Energy Management	Angels Camp	CA
David Starrett Construction	Temecula	CA
Davis Energy Group	Davis	CA
Debra Little Sustainable Design	Nevada City	CA
DefaultCompany (DO NOT EDIT)	Seattle	WA
Del Monte Construction	Santa Rosa	CA
DOGSTAR Energy Inc.	Allentown	NJ
Donovan's Remodeling, LLC	Hartland	WI
Dr. Energy Saver	Seymour	CT
Dr. Energy Saver Outer Banks	Kill Devil Hills	NC
DRO - Magic In Your Attic	Darnestown	MD
DSB Energy Services	North Wales	PA

DSL Development Corp.	Putnam Valley	NY
Duct Testers, Inc.	Modesto	CA
DuctMedic	Barboursville	VA
Dundon Insulation, Inc, dba The Insulation Man	Binghamton	NY
Dwelltech Solutions	Grand Rapids	MI
Dwelltek	Park City	UT
Dynatemp, Inc	Silver Spring	MD
E3 Efficient Energy Evaluations, LLC	Milwaukee	WI
E3 Power	Denver	CO
Eastern Building Performance	Lamoine	ME
Easy Energy USA	Milford	PA
Eco Home Construction, LLC	Katonah	NY
Eco Performance Builders	Concord	CA
Eco Tech LLC	Portland	OR
Eco-Green Energy Solutions	Batavia	OH
Ecobeco LLC	Rockville	MD
EcoHouse	Washington	DC
Ecolibrium 3 - Duluth Energy Efficiency Program (DEEP)	Duluth	MN
Ecology Action	Santa Cruz	CA
Econo-Therm Insulation	Baldwin	NY
ecoProach / Chandler Building	Sunnyvale	CA
EcoSmart Solutions, LLC	Rutherford	NJ
Ecossential	Portland	OR
Ecotelligent Homes	Farmington Hills	MI
EDGE Energy	Mclean	VA
Efficiency 2.0	New York	NY
Efficiency First	San Francisco	CA
Efficiency.org	Sausalito	CA
Effortless Efficiency	Naperville	IL
EFI	Westborough	MA
Egg Energy Systems, Inc.	Hauppauge	NY
EIC, Inc. / ComfortHome Corp.	Ledgewood	NJ
Elements Alternative LLC	Bayville	NY
Elite Construction & Inspection Services Inc	Vero Beach	FL
Ener G, LLC	Olney	MD
Energy Audits Unlimited	Manchester	NH
ENERGY CO-OP OF VERMONT	Colchester	VT
Energy Comfort & Construction, LLC	Clackamas	OR
Energy Conservation Group, LLC	Las Vegas	NV
Energy Conservation Training Company - ECONTC	Portland	OR
Energy Construction LLC	Ravena	NY

Energy Disclosures.com	Pleasant Hill	CA
Energy Docs	Redding	CA
Energy Efficiency Management, Inc/ Building Energy Efficiency Pe	Fullerton	CA
Energy Egghead, LLC	Amesbury	MA
Energy Insight, Inc.	Reno	NV
Energy Integrity	Carlsbad	CA
Energy Outfitter LLC	Westfield	IN
Energy Pioneers Solutions	Hastings	NE
Energy Resource Group Technologies, Inc.	Northford	CT
Energy Savers America	Westminster	MD
Energy Savers of North Carolina	Zebulon	NC
Energy Savers, LLC	Easton	MD
Energy Saving Services	Kalamazoo	MI
ENERGY SAVING SOLUTIONS LLC	Buffalo	NY
Energy Savings Professionals	Lenexa	KS
Energy Solutions Co.	Salamanca	NY
ENERGY SOLUTIONS unlimited	Portland	OR
Energy Upgrade Services, Inc.	Fresno	CA
EnergyLogic, LLC	Greenville	SC
EnergyMen Inc.	Chicago	IL
EnergyPro Insulation	Staten Island	NY
EnergyPRZ	Brookfield	CT
EnergyReady, A Civic Works Venture	Baltimore	MD
EnergySavvy.com	Seattle	WA
EnergyWise	Baton Rouge	LA
Energywise Consultants LLC	Grand Junction	CO
EnergyWorks KC	Kansas City	MO
Environmental Window Solutions	Charlotte	NC
EPIC Design Build	Santa Rosa	CA
ERA Herman Group Real Estate	Denver	CO
ESI Heating	Portland	MI
EverGreen Energy Savers, LLC	Manchester	MI
Evergreen Technologies	Angels Camp	CA
eZing, Inc	Oak Park	IL
Faison Construction Energy Solutions	Portland	OR
FD Associates Enviornmental	Omaha	NE
Fekete Thermal Inspections, LLC	Roseto	PA
FHA Services Inc.	Apple Valley	CA
Fluid Market Strategies	Portland	OR
Foam It Insulation	Binghamton	NY
Free Lighting Corporation	Houston	TX
Fresh Energy	St Paul	MN
Gabriel Ruiz	Bronx	NY

GAIA R&D	Scotts Valley	CA
Gale Contractor Services	Vancouver, Wa	OR
Gale Contractor Services, Subsidiary of Masco Contractor Service	Tempe	AZ
GB3 Energy Solutions	Denver	CO
Geo Real Estate Services LLC	West Monroe	NY
Gilmore Services Inc. dba Gilmore Heating Air & Solar	Placerville	CA
Glenmont Heating & Air Conditioning	Rockville	MD
Go Green Energy Consulting	Southfield	MI
Go Green Lending	Long Beach	CA
Golden Valley Electric Association	Ester	AK
Goldsborough Company	Tampa	FL
Good Energy Retrofit	Portland	OR
Greater Cincinnati Energy Alliance	Cincinnati	OH
Green Audit USA	Greenlawn	NY
Green Building Energy Services, LLC	Austin	TX
Green CAT Services	Kansas City	MO
Green Choice Living	Orange	CA
Green Coast Enterprises	New Orleans	LA
Green Energy Improvement	Oak Park	IL
Green Energy Solutions	Hillsboro	OR
Green Hammer Inc.	Portland	OR
Green Home Logic, Inc	West Hempstead	NY
Green Horizon	Durham	NC
GREEN HOUSE	San Luis Obispo	CA
Green Market Solutions	Chicago	IL
Green Nation Energy, LLC	Falls Church	VA
Green Renewables	Alexandria	VA
Green Ridge Builder	Midvale	UT
Green Step	Gaithersburg	MD
green works solutions, inc.	Glen Cove	NY
GREENandSAVE	Devon	PA
Greene Solutions	Columbus	OH
Greener Fitting	Hacienda Heights	CA
Greenergy Home Preformance	Orangeburg	SC
greeNEWit	Columbia	MD
GreenFiber	Charlotte	NC
GreenHomes America	Irvine	CA
Greenhouse Energy Solutions	Chandler	AZ
GreenLife Energy Solutions	Absecon	NJ
Greenlight Construction, LLC	Annapolis	MD
GreenoverGreen	Pittsburgh	PA
GreenPath Energy Solutions	Shawnee	KS

GreenSavers USA	Bend	OR
GreenStar Home Performance	Belfast	ME
Greenthink Advisors	Southbridge	MA
GreenWorks	Las Cruces	NM
H.E.L.P.	Baltimore	MD
H.E.L.P.Home Energy Life Performance Group, Inc.	Portland	OR
Habitat Home Energy Specialist	Seattle	WA
HACC	Harrisburg	PA
Hammer and Hand	Portland	OR
Hampton Roads Energy Solutions	Norfolk	VA
Hancock Software	Framingham	MA
Hand Energy Services	Manchester Center	VT
Harbor Energy Consulting, LLC	Baltimore	MD
Harney Construction	San Rafael	CA
Hawkeye Construction	Baltimore	MD
Healthy Home Services	Portland	OR
Healthy Homes Carolina	North Wilkesboro	NC
Heat Relief	Portland	OR
HeatMizer	Sanford	ME
Henry Bush Home Energy Solutions	Redlands	CA
Hi-Tech Energy Concepts, Inc.	Riegelsville	PA
High Performance Home, LLC	New Windsor	MD
HLN Energy Services	Metairie	LA
Holistic Home Energy Services	Westminster	MD
Home Energy Answers	Coopersville	MI
Home Energy Connection, LLC	Las Vegas	NV
Home Energy Design Services	Thetford	VT
Home Energy Licensed Professionals, LLC	Las Vegas	NV
Home Energy Matters Inc.	Kinnelon	NJ
Home Energy Preformance by Halco	Phelps	NY
Home Energy Remedies, LLC	Douglas	MA
Home Energy Repair	Shirley	MA
Home Energy Rescue	Brookeville	MD
Home Energy Savers	Norwalk	CT
Home Energy Saving Solutions, LLC	Frederick	MD
Home Focus	Hebron	IL
Home Green Home	St. Louis	MO
Home Performance Collaborative	Seattle	WA
Home Performance Contractors Guild of Oregon	Portland	OR
Home Performance NC, Inc.	Pittsboro	NC
Home Performance Specialists, LLC.	Madison	WI
Home Performance Technologies	Brentwood	NY

Home Star Energy Auditors	Fairfield	OH
Home Star Iowa	Cedar Rapids	IA
Home Visions West	Hillsboro	OR
HomeFree Nevada	Las Vegas	NV
HomeRx	Seattle	WA
Homestar Building Performance	Rohnert Park	CA
HomeTech	Ketchikan	AK
Honeywell- MD	Lanham	MD
House & Home Group	San Francisco	CA
HouseSmart Green Solutions	Encino	CA
Housing Assistance Program Essex County, Inc.	Elizabethtown	NY
Hutchinson Plumbing Heating Cooling LLC	Cherry Hill	NJ
IAQ Technologies, Inc.	Syracuse	NY
IBACOS	Pittsburgh	PA
iCAST-International Center for Appropriate & Sustainable Technol	Lakewood	CO
ICF International	Fairfax	VA
Imagine Energy	Portland	OR
Imagine Energy Efficiency	Shawnee	KS
Independent Connecticut Petroleum Assn Education Foundation	Cromwell	CT
Indoor Environmental Systems	Cary	NC
Infrared USA, Inc.	Belgrade	MT
InorOut Smart Energy	Henderson	CO
Inspection Perfection LLC	San Diego	CA
Inspired Green	Grand Ledge	MI
INSTALLED MEASURES INC.	Coventry	RI
Institute for Building Technology and Safety	Herndon	VA
Institute of Building Technology and Safety	Ashburn	VA
Integrated HVAC	Islip	NY
IntelliGreen Partners	New York	NY
Interplay Energy	Denver	CO
IQ Energy Conservation	Dallas	TX
J R CONSTRUCTION-SOL SOLUTIONS, Inc.	Napa	CA
Jag Construction Inc	Rochester	NY
James A Wheat & Sons, Inc	Gaithersburg	MD
JB Insulation	Sherwood	OR
JEA	Jacksonville	FL
John Craig Construction, Inc dba: Beanstalk Energy	Sonoma	CA
Johns Manville	Denver	CO
Johnson County Community College	Overland Park	KS
Johnstone Supply of Michigan	Muskegon	MI
Kevel Home Performance	San Francisco	CA

Key Green Energy Solutions LLC	Charlottesville	VA
Kina'ole Group, LLC	Ocean View	DE
Ladybug 'Lectric	Encinitas	CA
Landmarks RDC	Santa Rosa	CA
Lantern Energy	Norwich	CT
Laura Reedy Stukel	Elmhurst	IL
LEAP (Local Energy Alliance Program)	Charlottesville	VA
Learn About Green LLC	Gates Mills	OH
LEERCO	Las Vegas	NV
Leff Construction Design/Build	Sebastopol	CA
Lightly Treading, Inc.	Denver	CO
linda Kogenand associates	Highland Park	IL
Lionheart Energy Audits, LLC	Tappan	NY
Local Economic and Employment Development Council	Chicago	IL
Lone Pine Energy Consultants, LLC	Draper	UT
M.Winter & Associates	Santa Rosa	CA
MaGrann Associates	Moorestown	NJ
Mainstream Energy Solutions	Holly	MI
Make It Green	Bend	OR
Malcarne Contracting, Inc.	Rhinebeck	NY
Margert Community Corporation	Far Rockaway	NY
Marksman Builders	Newcastle	CA
Mason Construction Building Performance Professionals	Martinez	CA
Mass Energy Lab, Inc.	Cambridge	MA
Maximo Construction	San Francisco	CA
McCormack Heating & Air Conditioning	Santa Barbara	CA
McDowell and Son	Hood River	OR
MERCURY EXCELUM	East Windsor	CT
Metropolitan Energy Center	Kansas City	MO
Michigan Energy Savers	Flushing	MI
Mid Michigan Community Action Agency	Farwell	MI
Mid-Missouri Heating & Cooling, Inc	Carrollton	MO
Midwest Energy Efficiency Alliance	Chicago	IL
Mike Watson Co.	Wichita	KS
Minnesota Building Performance Association	Saint Paul	MN
Minnick's	Laurel	MD
Missouri Botanical Garden's EarthWays Center	St. Louis	MO
Missouri Gas Energy	Kansas City	MO
Mitch Levin	Chicago	IL
MO-KAN Energy Solutions, LLC	Lake Lotawana	MO
Morrow & Sons	Rohnert Park	CA
motum b2b	Toronto, M5V1E3 Canada	NY

Mt. Lincoln Construction Inc.	Truckee	CA
Murdoch Architects	Bethesda	MD
Murtha Construction	West Islip	NY
napa valley home inspections	Napa	CA
National Fiber Cellulose Insulation	Belchertown	MA
Neighborhood Pro Builders, Inc.	Bartlett	TN
Neil Kelly	Portland	OR
NeuNRG Building Performance	Manchester	WA
New Buffalo Impact	Tonawanda	NY
New Dawn, LLC	Daytona Beach	FL
New England Conservation Services	Woodbridge	CT
New England Smart Energy Group, LLC	Fairfield	CT
New England Spray Foam Insulation	Newburgh	ME
New Jersey Natural Gas Co.	Wall	NJ
New Opportunities Inc.	Framingham	MA
NICHOLSONS HEATING & AIR	Pine Bluff	AR
Nicor Home Services	Naperville	IL
Noonan Energy Corp	Springfield	MA
Norm Clark Property Inspections, Inc.	Olathe	KS
North Carolina Energy Efficiency Alliance	Boone	NC
North Fork Retrofit/SolarOptions	East Hampton	NY
Northsight Energy Solutions LLC	Scottsdale	AZ
Northwest Infrared, LLC	Newberg	OR
Nutmeg Mechanical Services Inc.	Manchester	CT
NV Energy	Las Vegas	NV
Nyborg Sustainable Construction, Inc.	Los Angeles	CA
O'Hara Marketing Services	Overland Park	KS
Old House Window Wright	Sacramento	CA
Opportunity Council	Bellingham	WA
Orange Energy Solutions, LLC	Havertown	PA
Owens Corning	Washington	DC
Pacific Crown Builders	Vacaville, Ca	CA
Pagel Service Co.	San Bernardino	CA
Pathways Energy	Santa Rosa	CA
Patty Moore	Oakland	CA
Paul Bowman	Catonsville	MD
Peak Energy Performance	Roanoke	VA
Penderwood Consulting	Warrenton	VA
Pentair Water Pool and Spa	Sanford	NC
Peralta Energy Group	Oakland	CA
Performance Energy Advisors	Las Vegas	NV
Performance Systems Development	Ithaca	NY
PEST CONTROL INSULATION SYSTEMS	Homer	GA
Phoenix Home Performance	Saginaw	MI

Pippin Brothers, Inc.	Lawton	OK
PLS Installations Inc.	Buchanan	VA
Ponizil Energy	Encinitas	CA
Pool Solutions Group	Santa Rosa	CA
Powersmith	Copiague	NY
Precision Air Conditioning & Heating, LLC	Memphis	TN
Premium Efficiency	Eugene	OR
Princeton Air Conditioning	Princeton	NJ
PristineAire	Calabasas	CA
Pro Energy Consultants Of Richmond, VA	Moseley	VA
Pro Energy Consultants-Phoenix	Phoenix	AZ
Progressive Insulation & Windows	Chatsworth	CA
Provident Energy Solutions, Inc	Fresno	CA
Pulaski Technical College	Little Rock	AR
Pure Construction Inc.	Las Vegas	NV
Qvinta Energy	Fort Washington	MD
R. McLagan Incorporated	Clifton Park	NY
R. PELTON BUILDERS, INC.	Berlin	CT
RA Adamson General Contracting	Hayward	CA
Radiant Insulation Systems	Middle Island	NY
Raia Energy Solutions Inc.	Bohemia	NY
Recurve	San Francisco	CA
Red E3	San Diego	CA
Renewable Funding	Oakland	CA
Renewal System Solutions	Decatur	GA
Reno Home Improvements llc	Reno	NV
Residential Energy Conservation	S. Setauket	NY
Residential Heating and A/C, Inc.	Campbell	CA
RESNET	Oceanside	CA
Revival Energy Group	Vancouver	WA
Richart Family, Inc.	Vancouver	WA
Right Angle Home Inspections	Gales Ferry	CT
Rising Design & Construction	Petaluma	CA
Rising Sun Energy Center	Berkeley	CA
Riverbanks Construction, Inc	New Bern	NC
Rod Johnson Air	Stockton	CA
Rubino Service Company	Voorhees	NJ
S.E.E.C. LLC	Rainier	WA
Sacramento Building Performance	Carmichael	CA
Sallie Ortiz - Writer	Kennewick	WA
Sandalphon Energy Group, LLC.	Beacon	NY
Saturn Resource Management	Helena	MT
Saufley Electric	Agua Dulce	CA
Save Energy Services	Powell	OH

Save Energy Solutions	Cordova	TN
Save Home Energy, Inc.	Kensington	CT
Saving Green Energy Audits LLC	Easton	PA
Sayre Building Performance	Oakland	CA
SCE&G Energy Information Services	Cayce	SC
Schaafsma Heating Company	Grand Rapids	MI
Scott Temperature Equipment Co, Inc.	Lawrence	KS
Sellair LLC	Allentown	PA
SENCON	Virginia Beach	VA
Senica Air Conditioning Inc.	Spring Hill	FL
Sensible Energy Solutions	Portland	OR
Sequoia Energy Services	Visalia	CA
Service1st Energy Solutions	Las Vegas	NV
Shelter Alternatives, Inc./Energy Check	Blacksburg	VA
Shepherd Design & Construction	Bowie	MD
Sierra Pacific Home and Comfort	Rancho Cordova	CA
Silverado Mechanical	Las Vegas	NV
Sime Palm oil	Dallas	TX
Sinclair Building Studio	Charleston	WV
Smart Green Realty	Erdenheim	PA
Snugg Home	Boulder	CO
SolarCity Corporation	Portland	OR
Solarcon	Los Angeles	CA
SolarEnvi	Boulder City	NV
Sound Home Performance: A division of Puget Sound Solar	Seattle	WA
South Mountain Company, Inc	West Tisbury	MA
Southface	Atlanta	GA
Southwest Carpenters Training Fund	Los Angeles	CA
Southwest Energy Savers, LLC	Phoenix	AZ
Specialty Comfort Enterprises dba WeatherizationPRO	Littleton	CO
Splinters Construction, Inc.	Pasadena	CA
Spray Polyurethane Foam Alliance (SPFA)	Fairfax	VA
SRA International	Bethesda	MD
St. Johns Housing Partnership,inc	St. Augustine	FL
Standard Energy Solutions	Rockville	MD
Standard Insulating Company	Charlotte	NC
Start Smart Energy Use, LLC	Newtown Square	PA
Stellar Windows and Insulation	Wheat Ridge	CO
Stevens Home Pro Energy Audits	Carrolltown	PA
Strategic Energy Innovations	San Rafael	CA
Structure Metrics	Winthrop	ME
Suburban Green, LLC.	Mahwah	NJ

Summit Insulation	Baltimore	MD
Sunrise Real Estate Co	Auburn	CA
SunSky Energy	Spencer	NY
Sustainable Resources Center, Inc.	Minneapolis	MN
Sustainable Solutions Unlimited	Portland	OR
SynerGreen	Santa Rosa	CA
Synergy Companies	Hayward	CA
Taylor Home Energy	Rochester	NY
Tempo Mechanical Services	Irving	TX
Terra Aqua Builders DBA Energy Resolutions, Inc.	Sacramento	CA
TerraLogos Energy Group	Baltimore	MD
Testo, Inc.	Sparta	NJ
The ACCESS Agency, Inc.	Willimantic	CT
The Energuy	Sacramento	CA
The Energy Team	S	NJ
The Home Energy Detective, Inc.	Manassas	VA
The Nazerian Group	Encino	CA
The Weatherization Company	New Orleans	LA
ThermaCote, Inc.	Lawrenceville	GA
Thermal House	Brattleboro	VT
Tidewater Insulators	Norfolk	VA
Tile Roofing Institute	Chicago	IL
Tohn Environmental Strategies LLC	Wayland	MA
Tomorrow's Strategies	San Francisco	CA
Tri Star Home Performance, LLC	Orangeburg	SC
True Energy Solutions, Inc.	East Rochester	NY
Turner's Heating & Cooling	Concord	NC
U.S. Department of Energy	Washington	DC
U.S. Green Building Council	Washington	DC
UGI HVAC Services Inc	Reading	PA
unemployed	Hackettstown	NJ
United Illuminating Company	New Haven	CT
Vader Air Inc.	Hawthorne	CA
Verve Solar Consulting	Davis	CA
Victory Energy Solutions	New Britain	CT
Virginia Weatherization Training Center at the VCCS	Lynchburg	VA
Watt Eraser	Walters	OK
weeks construction service and repair	Los Angeles	CA
WegoWise.com	Boston	MA
WellHome	Commerce City	CO
Wendel Rosen Black & Dean, LLP	Oakland	CA
Wesson Energy, Inc.	Waterbury	CT

Efficiency First
America's Home Performance Workforce

Western Insulation LP / Wellhome - Sacramento	Sacramento	CA
Westside Drywall & Insulation	Hubbard	OR
Wisconsin Energy Conservation Corporation	Madison	WI
Wise Energy Co	Portland	OR
WJBradley Mortgage	Edmond	OK
Zero Energy Contracting	Phoenix	AZ
Zodiac HVAC/Plumbing Inc.	Van Nuys	CA

Submitted Testimony of eFormative Options
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
May 10, 2012

Organization: eFormative Options, LLC
Name: Heather Rhoads-Weaver, Principal
Address: P.O. 47, Vashon, WA 98070
Phone: (206) 567-5466
Contact: heather@eformativeoptions.com

I submit this testimony on behalf of eFormative Options, a small business that initiates community and cooperative development, enhances local economies, launches sustainable ventures, and guides future energy choices.

"Distributed wind" involves the use of typically smaller wind turbines at homes, farms, businesses, and public facilities to off-set all or a portion of on-site energy consumption as well as projects with local ownership, or "community" wind. Distributed wind power is often owned and used by energy consumers at or near the site of generation, which means:

- Deployment of distributed wind power can reduce the need for new centralized generation and transmission facilities; and
- Local investors help drive localized employment and economic benefits.

Distributed wind projects often rely heavily on the Investment Tax Credit (ITC) to finance their projects and installation. This is because:

- Many Renewable energy investors cannot take advantage of the Production Tax Credit (PTC) unless the energy generated from that project is sold to a third party. Because distributed generation is designed to be consumed on-site and is seldom sold to a third party PTCs are not generally available to small wind project developers.
- The PTC can only be used to offset passive income. This feature generally does not impede large, institutional investors, because they routinely realize significant passive income that can be offset by a PTC. However, because many potential investors in small, community or distributed wind projects have inadequate or no passive income, they are precluded from taking advantage of this tax credit, making the ITC much more attractive and valuable to the distributed wind industry.
- Finally, and relatedly, in order to fully realize the significant multiplier effect of small, distributed wind projects on local economies, and minimize any concerns to new wind projects, it is ideal to develop a broad pool of local investors. If they are unable to utilize the PTC and the ITC is allowed to expire, this financial and personal support will not materialize and projects will not get done. Jobs will be lost.

Renewing the ITC for land-based wind power is also a matter of parity and fairness. Solar photovoltaic projects of any size are currently eligible for an ITC through 2016 and are widely used in large-scale applications. Extending the ITC for wind through 2016 creates a level playing field among competing renewable technologies and allows the customer to determine the optimal technology selection for a given site.

Thank you again for the opportunity to submit these comments and we look forward to working with you to ensure the continued expansion of this dynamic and growing American industry.

Sincerely,

Heather Rhoads-Weaver
Principal, eFormative Options, LLC

STATEMENT OF BRIAN P. WYNNE
PRESIDENT, ELECTRIC DRIVE TRANSPORTATION ASSOCIATION
ON
HEARING ON CERTAIN EXPIRING TAX PROVISIONS
SUBMITTED TO
SUBCOMMITTEE ON SELECT REVENUE MEASURES
WAYS AND MEANS COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.
APRIL 26, 2012

The Electric Drive Transportation Association (EDTA) is the cross-industry trade association promoting the advancement of electric drive technology and electrified transportation. Our members represent the entire value chain of electric drive, including vehicle manufacturers, battery and component manufacturers, utilities and energy companies, and smart grid and charging infrastructure developers. Collectively, we are committed to realizing the economic, national security, and environmental benefits of displacing oil with hybrid, plug-in hybrid, battery, and fuel cell electric vehicles.

Since the U.S. imports nearly 50% of the oil used in the transportation sector – at a cost of more than $1 billion per day – there is a strategic and economic imperative to move toward domestically-generated electricity as an alternative to oil. The need is already clear to families and businesses paying almost $4 gallon (and in some places more) for gasoline and diesel fuel today. EIA projects barrel prices over $100 through 2013. The implications for the economy are also clear: every $10 per barrel increase costs the economy approximately $75 billion.

The American Energy Innovation Council, a group of U.S. industry leaders working to "foster strong economic growth, create jobs in new industries and re-establish America's energy leadership" concluded in their 2011 report that federal participation in energy innovation was imperative because "ready access to reliable affordable forms of energy is not only vital for the functioning of the larger economy, it is vital to people's everyday lives and significantly impacts the country's national security and environmental well-being."

Innovation in the transportation sector can be accelerated with targeted, time-limited and performance-based incentives. Specifically, EDTA supports extension of the Section 30C alternative fuel vehicle refueling property credit, which provides 30 percent of the cost (up to $1000 for residential and $30,000 for business property) of any property for storing or dispensing alternative fuel. The credit was increased to 50% for the years 2009 and 2010. It was extended through 2011 at the 30% level.

The expiration of the credit in 2011 unfortunately coincides with the widespread commercial introduction of plug-in vehicles. Manufacturers are planning to bring more than 20 plug-in vehicles to market in the next two years. Electric drive vehicles are being introduced into the market place in numerous configurations, including passenger cars, commercial trucks, buses, tractors, and ground support equipment. These vehicles provide substantial fuel savings and reduced emissions while contributing to our energy and economic security. The credit's expiration and the uncertainty around renewal is damaging to consumers and businesses planning to invest in plug-in vehicles and charging equipment.

Extension of the credit is also important to the broader effort to provide a variety of alternative fuel vehicles to consumers. The 30C credit is technology neutral and reinforces private investments in natural gas, biofuels and other alternative fuels, as well as in electricity.

Several bills have been introduced in the 112th Congress that would extend and expand the 30C credit, including H.R. 1861, H.R. 1380, H.R. 1685, H.R. 1875 and H.R. 2231. While the bills do not call for identical approaches to extension, they share the position that extension is integral to advancing vehicle and fleet options for consumers and businesses seeking an alternative to paying volatile oil prices. We agree and also support restoring the credit to the prior 50% level to make it a more effective investment incentive at the commercial scale.

EDTA also supports extension and expansion of the Section 30B credit for clean, efficient hybrid and battery electric medium and heavy duty vehicles as called for in the bipartisan bill, H.R. 3374. Trucks in this segment consume more than 52 billion gallons of fuel each year – 26% of all U.S. liquid transportation fuels consumed.

Hybrid and plug-in hybrid technologies increase the vehicles' fuel efficiency by 20 to 50%; fully electric medium and heavy duty vehicles eliminate oil use entirely. This results in significant savings on fuel expenses for large fleets, as well as for small businesses.

While these emerging electric drive trucks have the potential to benefit businesses, consumers and the country, the initial cost of these new technologies is a market hurdle that the 30B incentives can help to reduce. By reducing the barriers to widespread commercialization of advanced vehicles, extension of the 30B credit will help businesses reduce fuel costs, grow U.S. manufacturing of electric drive truck technologies, and reduce U.S. dependence on foreign oil.

As the trade association dedicated to advancing electrification of transportation, we believe that the federal government can play a critical role in accelerating adoption of electric drive vehicles. Promoting private investment in alternative fuel vehicles and refueling infrastructure is an effective tool in helping emerging technologies overcome initial market hurdles. The return on the public investment is a nation that is less dependent on foreign oil, spends its energy dollars domestically and competes effectively in the global market for advanced technologies.

We thank you for your consideration of our views.

Statement of Element Power US, LLC

I, Ingrid Schwingler, a Development Coordinator at Element Power US, LLC in Minneapolis, MN, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible. The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen wind projects revitalize communities – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Ellen Johnson-Fay

To: Ways and Means
From: The Rev. Dr. Ellen Johnson-Fay
ellenjf@q.com, 2426 W. Platte Ave, Colorado Springs, CO 80904.
phone: 719-473-7059
Re: Hearing on Certain Expiring Tax Provisions

April 25, 2012

I, Ellen Johnson-Fay, Minister Emerita, All Souls Unitarian Universalist Church in Colorado Springs,CO, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

In an era of global climate change and limited supply of polluting fossil fuels, it is imperative that we invest in sustainable sources of energy for our future and future generations instead of subsidizing unsustainable practices which pollute air, land and water.

We have seen the benefit of the PTC in Colorado Springs where are Utilities offered customers the opportunity to purchase energy from wind production, bringing job opportunities and revenues to this community and places where wind energy is produced. This allows continued improvement of wind energy production so that it becomes cleaner and more sustainable.

I urge the committee to take up an extension of the wind energy production tax credit without delay.

Statement of Emily Hill

June 22, 2012

House Ways and Means Committee
1102 Longworth House Office Building
Washington D.C. 20515

RE | Hearing on Certain Expiring Tax Provisions

To Whom It May Concern,

I, Emily J. Hill of Coventry Rhode Island, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Although wind power must ultimately become viably competitive as an alternative energy source independent of the support of government incentives, I fear that allowing the PTC to prematurely and abruptly expire will have a devastating impact on our industry. This tax credit is the premise for billions of dollars in annual investments in new wind power projects. Failing to extend the PTC will significantly delay the advancement of domestically produced wind power, and will jeopardize thousands of green jobs. Furthermore, in failing to renew this Production Tax Credit we will be opening the door for contending nations to seize a more prominent foothold in the U.S. renewables market and American-made wind power will struggle to regain relevance in the aftermath.

In order to ensure the self-sufficiency of our nation for future generations, we must diversify our energy supplies, and do so in a manner which strengthens our economy. For this to happen, we cannot rely solely on the import of foreign products, but must continue to create new domestic sustainable energy jobs rather than eliminating them. Therefore, I advocate a gradual phasing out of the PTC over a 2-4 year period as this would give the U.S. wind power industry the opportunity to become increasingly autonomous, and would therefore continue to produce opportunities for employment to American citizens rather than eliminating the jobs that wind energy has created within the last 4 years.

In light of the above, I exhort the Ways and Means committee to make a bipartisan effort to extend the PTC and seek a solution that will not have such crippling effects on our industry. I ask you to consider the Americans whose livelihoods will be undoubtedly impacted by this decision, and to reflect on the benefits of continuing to support American-made wind power. Thank you for your attention to this matter.

Kind Regards,

Emily J. Hill
A Concerned Citizen

Statement of Emmett Carson

May 4, 2012

Chairman Dave Camp
House Committee on Ways and Means
1102 Longworth House Office Building
Washington D.C. 20515

Dear Chairman Camp:

On behalf of Silicon Valley Community Foundation, I urge you to reinstate the expired charitable giving tax incentives (known as "extenders"), which support the ability of charities to provide programs and services that assist individuals and families and benefit communities across the country.

Millions are served by the essential work of public charities, which is made possible in part by the charitable giving incentives contained in the extenders package. These include provisions that encourage donations of food to help those in need, computers to help people who are unemployed look for work and books to economically disadvantaged children. Other provisions encourage the rollover of individual retirement account funds to charities, and the donation of land conservation easements to preserve open spaces for generations to come.

All of these incentives, along with the rest of the tax extenders package, expired at the end of 2011, cutting off this important stream of funding to many charities across the country at the same time they have seen demands for their help increase. Donors need to use these charitable incentives to make larger contributions. Our constituency here in California depends on the programs and services charities provide throughout the year – not just at tax time – and charitable organizations require resources on a year-round basis. The people we serve cannot wait for Congress to reinstate these provisions until the end of this year or next.

We respectfully ask that these incentives be reinstated immediately, so that the donors and the charitable organizations we serve do not experience any more uncertainty or disruption of their work.

Sincerely,

Emmett D. Carson

Emmett D. Carson, Ph.D.
CEO and President

Cc: House Committee on Ways and Means

Statement of Energetx Composites

To: The House Ways and Means Committee

Fr: Steven A Busch, Director of Human Resources, Energetx Composites, Holland Michigan

Re: Hearing on Certain Expiring Tax Provisions

May 8, 2012

Energetx Composites is a manufacturer of utility scale wind blades, community scale wind blades and nacelle housings for the wind energy industry. We are headquartered in Holland, Michigan. Energetx Composites was founded in 2008 as a diversification effort from its sister company, S2 Yachts, a world-class yacht manufacturing company with the intent to utilize its core competencies in manufacturing large composite structures in new industries.

We are fortunate to have executed agreements that provide substantial work in 2012, however, our customers are extremely hesitant to offer any forecast beyond 2012 due to the uncertainty of the Production Tax Credit (PTC). Due to recent contracts, we expect to double our workforce from 50 to over 100 employees in the next few months. However, without an extension of the PTC, it is safe to say our workforce will be impacted in a negative way.

We urge Congress to extend the Production Tax Credit now, so that projects currently planned for 2013 and beyond can continue to develop. A PTC extension today will provide market clarity and allow our customers- wind developers and wind turbine OEMs- to place long term orders with our organization and others within our supply chain resulting in the continued hiring of skilled people and engineering professionals.

If you have any questions you can contact me at:

Steven Busch

Human Resources Director

Energetx Composites

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Enterprise

Statement of
Enterprise Community Partners
for the Record

House Ways and Means Committee
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
April 26, 2012

Chairman Tiberi, Ranking Member Neal, and Members of the Subcommittee:

Thank you for holding this important hearing on the value that tax extenders provide to American people and low-income communities across the nation. Many of the expired and expiring tax provisions are crucial to the economy and facilitate the availability to private capital to create new, good-paying, long-lasting jobs in the communities that need them.

At Enterprise, we create opportunity for low- and moderate-income people through affordable housing and diverse, thriving communities. For housing to be a springboard to a good life, it must exist in a supportive living environment with jobs, quality schools, child care, transportation, health care and support for seniors, with access to services that support a healthy lifestyle. Enterprise develops and preserves affordable housing in communities linking people to opportunities for success. When these links are absent, Enterprise forms public-private partnerships and bridges gaps toward creating more vibrant places for people to live and pursue their dreams. Since 1982, Enterprise has raised and invested more than $11 billion to help finance more than 300,000 affordable rental and for-sale homes to create vital communities and more than 410,000 jobs nationwide.

Two of the most important tools Enterprise and many other housing and community development organizations depend upon to create successful, vibrant communities are the New Markets Tax Credit, which expired at the end of 2011, and the Low Income Housing Tax Credit, a provision of which has effectively expired for many areas of the nation. We urge the committee to support extending these expiring provisions.

The New Markets Tax Credit (NMTC) provided a 39 percent credit over seven years for investment in economically distressed communities. Taxpayers made investments in Community Development Entities (CDEs) that must have a track record in community development and have established community accountability mechanisms. An example of a CDE is a community development corporation, CDFI or loan fund or private financial institution. The CDEs use the capital from those investments to make loans or investments in businesses located in economically distressed communities. The NMTC is an extraordinarily flexible financing tool, providing key low-cost capital to retail centers, factories, job training centers, small businesses, charter schools, and health centers. Such variety is due to the flexibility of the tax credit in allowing local market forces and community input to decide which projects and businesses are financed, so long as the project meets the basic criteria of being located in an economically distressed census tract, with the intention of spurring economic growth, creating local jobs, and improving struggling communities.

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The NMTC program is among the Top 25 programs given the prestigious "Innovations in American Government Award," administered by Harvard University. That recognition is due in large part to the very successful public-private partnerships where private sector financing is brought to bear to bring community benefits to underserved low-income communities.

And these investments would not have been made without the NMTC. In 2007, the U.S. Government Accountability Office surveyed investors and reported that 88 percent indicated they would not have made the investment without the NMTC and almost two-thirds said they increased their investments in low-income communities because of the Credit.

What makes this credit so cost-effective for taxpayers is the extraordinary amount of private capital that is unlocked through the initiative. According to data from the Treasury Department, for every one dollar of federal investment, $8 of private capital is leveraged.

In addition to this record of achievement, the NMTC enjoys a long history of bipartisan support. Inspired by Jack Kemp, the credit was authorized by the Community Renewal Tax Relief Act of 2000, approved by a Republican Congress, and signed into law by President Clinton. It was implemented and strongly supported by President George W. Bush. A Republican Congress authorized a special $1 billion NMTC allocation in 2005. After it expired for the first time, it has been extended three times—in 2008, 2009, and 2010—with strong bipartisan support.

In the 112th Congress, 64 House members, including 14 on the Ways & Means Committee, have already cosponsored H.R. 2655 (New Markets Tax Credit Extension Act of 2011), which seeks a five-year extension of the credit. A companion bill in the Senate, S. 996, also enjoys the bipartisan support of 24 senators. Enterprise fully supports these bills, but also believes the program would be even more successful if the NMTC were made a permanent part of the Internal Revenue Code through comprehensive tax reform.

Indeed, as, Chairman Tiberi in his opening statement, "*with a few exceptions, temporary tax provisions that are worthy should be made permanent*." We strongly believe the NMTC is a perfect example of a temporary provision that, if made permanent, would result in an even more successful program.

Like the NMTC, the Low Income Housing Tax Credit (Housing Credit) is another example of a very successful public-private partnership. Since its inception as part of the Tax Reform Act of 1986, and signed into law by President Reagan, it has become the nation's most successful affordable housing production and preservation tool, financing more than 2.5 million affordable rental homes, creating almost 3 million largely small business jobs, and leveraging more than $75 billion in private investment capital through public-private partnerships.

The Housing Credit is vital to the creation and preservation of affordable housing in every state in the Union. According to the National Council of State Housing Agencies (NCSHA), approximately 90 percent of all affordable rental housing produced annually is financed through the Housing Credit, and in 2010, half of all multifamily starts were financed by the Housing Credit according to the National Association of Home Builders (NAHB). In a typical recent year, the Credit finances the production of 100,000-120,000 affordable homes, supports about 95,000 jobs, and adds

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approximately $1.5 billion in taxes and other revenues to local economies, according to NAHB. Housing Credit properties are very well managed, with an extremely low foreclosure rate of 0.62 percent over its 26-year history, according to the Reznick Group.

While the Credit is responsible for this impressive record of achievement, the need for affordable rental housing is acute and growing. Renters are constrained by a lack of income growth, and as more people to decide to rent, there has not been an accompanying increase in the supply of affordable apartments. Harvard's Joint Center for Housing Studies recently documented an affordability crisis: 49 percent of renters in 2009 were at least moderately cost-burdened and 26 percent were severely cost-burdened. Furthermore, Harvard determined there is a gap of 6.4 million apartments between the low-income families seeking for housing and the inventory of homes affordable and available to them. In the types of jobs currently hiring new workers, four out of the five most prevalent jobs do not pay workers enough to afford to rent or buy housing at typical prices nationwide, according to the Center for Housing Policy.

Although the Housing Credit as a whole is a permanent part of the Code, the Housing and Economic Recovery Act of 2008 (HERA) created a temporary minimum credit percentage for non-federally subsidized new buildings at 9 percent provided they are placed in service before the end of 2013. While the credit floor technically does not expire until December 2013 and we understand the hearing only addressed tax provisions expiring in 2011 and 2012, we believe that it should be considered because the usefulness of the credit floor for purposes of financing new affordable rental housing communities essentially expired in early 2012. It typically takes 18-24 months from the moment a developer is awarded Housing Credits from the state allocating agency to the completion and lease-up of a finished apartment building.

When HERA established the temporary minimum credit rate, it eliminated the uncertainty of the previous "floating rate" system and helped fill the funding gaps by providing more private equity to any one particular property. The extension of the credit floor, or better yet, a permanent minimum credit percentage, would continue to stabilize the affordable apartment market and promote it as a financially stable industry in which to invest. In addition, the administration of the continued credit floor does not involve any additional government oversight and would thus cost little for the government to execute. Furthermore, because the Housing Credit is capped in every state, the credit floor does not add any additional costs. Lastly, if a allocating agency deemed that a project needed fewer Housing Credits, it has the ability to limit the amount of Credits flowing to a property or provide preferences to those projects that do so on their own. For these reasons, we believe it is important to extend or make permanent the credit floor especially in these difficult times for affordable housing.

If the credit floor is not extended, Housing Credit-financed properties could lose 15 – 20 percent of the private equity it could have otherwise received for Housing Credit allocations starting this year. This would likely have a negative impact on the number of families served, and the types of affordable rental housing developments that are financed.

Fortunately, 38 House members, led by Chairman Tiberi and Ranking Member Neal and including 15 on the Ways & Means Committee, have already cosponsored H.R. 3661 which would extend the

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credit floor. A companion bill in the Senate, S. 1989, also enjoys the bipartisan support of 15 senators.

Again, we thank you for holding this hearing and look forward to working with you and the subcommittee members to enact an extension of these tax provisions this year.

ENTERPRISE PUBLIC POLICY
10 G Street NE • Suite 450 • Washington, DC 20002 • 202.842.9190 • www.EnterpriseCommunity.org • www.EnterpriseCommunity.com

Statement of enXco Inc.

May 10, 2012

The Honorable Pat Tiberi
Chairman
U.S. House Ways and Means Subcommittee
on Select Revenue Measures
106 Cannon House Office Building
Washington D.C 20515

The Honorable Richard Neal
Ranking Member
U.S House Ways and Means Subcommittee
on Select Revenue Measures
2208 Rayburn House Office Building
Washington D.C. 20151

Written Comments Submitted by:

Dr. James A. Walker
Vice Chairman of the Board
enXco, Inc.
Tel: (760) 832-5055
Email: jimw@enxco.com
Subcommittee: Subcommittee on Select Revenue Measures
Title of Hearing: "Certain Expiring Revenue Measures"
Date of Hearing: April 26, 2012

Dear Chairman Tiberi and Ranking Member Neal:

As you consider extension of certain tax provisions that either have expired or are due to expire by the end of 2012, we urge you to take positive action at the earliest possible time to extend the renewable energy Production Tax Credits (PTCs) due to expire at the end of 2012. The PTC has received bipartisan support since first enacted in 1992. The PTC was allowed to expire or extended too late for project planning and equipment procurement three times since 1999, resulting in drops in industry investment the following year of an average of 81%. When the PTC was extended in a timely manner, from 2005 through 2012, the wind industry grew from less than $1 billion in investment in 2004 to nearly $20 billion in 2009 and most likely in 2012. Without a timely extension in 2012, the USDOE expects a steep drop off in investment in US wind projects in 2013 of 90-100%. This would cause the loss of tens of thousands of jobs and lead to the shut down of numerous manufacturing facilities established with the expectation of continued policy stability in the US wind market.

enXco, Inc., an EDF Energies Nouvelles Company, is a major developer, owner and operator of renewable energy projects in North America based in San Diego, California. enXco's renewable energy portfolio consists of over 47 renewable energy projects in 15 states, with additional development activity in Mexico, and Canada. Our Operations and Maintenance Team, the largest North American provider of third party O&M, services over 5,370 turbines representing 16 different turbine manufacturers, generating over 4,800 MW of electricity. enXco has successfully developed 31 wind projects generating over 3,000 MW as well as multiple utility-scale solar projects.

On April 26 your Subcommittee heard testimony from a number of witnesses from both sides of the aisle regarding what is at stake for the nation if the PTC is not extended. Let me briefly describe what it will mean to our company and employees.

enXco is fortunate to have both geographic and technology diversification which will help it weather what we fear will be a very severe US wind industry downturn in 2013. We are active in Canada and Mexico as well as the US, and are making investments in solar, biogas and biomass in addition to wind. Unlike some of our competitors in the wind development sector, we have been able to avoid lay offs to date. However, from 2003 through 2011 our head count nearly quadrupled from around 200 to over 800, and this trend has now flattened out. To compare our development plans in 2012 and 2013, we have several hundred MW of wind under construction in the US this year, but no U.S. projects currently scheduled for construction in 2013 given the uncertainty about the PTC.

Perhaps the most serious concern we have regarding the expiration of the PTC is the impact this will have on the wind manufacturing supply chain. Ten years ago there were really only one or two suppliers of turbines to the US market (GE and Vestas), and their domestic content was below 30%. This meant considerable foreign exchange exposure procuring these turbines as well as considerable delivery schedule risk, since, say, a dock strike in another country could cause a delay that prevented completion of a project within tight financing deadlines. This year we have a wide selection of high quality turbine suppliers and the US content of their product is between 50 and 70%. If many of these are forced to shut their doors by the end of the year, it will be very hard to persuade their management and investors to come back to the US market just when we can least afford to lose high paying manufacturing jobs.

Over the longer term we are optimistic that continued advances in wind turbine technology, renewed growth in electricity demand, and the inherent benefits of a power generation technology that has virtually no air emissions or water use, and no future fuel price risk, will allow a phase down of the PTC, especially if broader tax reform can further "level the playing field" between wind and conventional power sources. But the immediate urgent need is for a short term, one or two year extension of the PTC, to avoid a damaging blow to an industry which has demonstrated it has so much to contribute to the nation's energy system and economy.

Sincerely,

Dr. James A. Walker
Vice Chairman
enXco, Inc.

Statement of enXco Service Corporation

24 April 2012

Mike Smith

enXco Service Corporation

Britt, IA 50423

mike.smith@enxco.com

641-585-1623

Committee Members,

We have a nationwide goal to increase manufacturing jobs and to stimulate the construction industry. Seems logical, then, that we would want to stimulate the wind energy industry.

In order to incent companies to build a strong manufacturing base, the market must be transparent and relatively serene. There will be new electrical generating facilities built in this country, it is just a matter of when and what type. Intermittent renewals of the Wind Production Tax Credit are hindering the wind energy industry and job growth in the supporting manufacturing sector, as well as the construction sector.

EOLIAN RENEWABLE ENERGY

April 24, 2012

I, Jack Kenworthy, Chief Executive Officer of Eolian Renewable Energy, LLC in Portsmouth, New Hampshire, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. Eolian Renewable Energy, LLC spends millions of dollars in private capital each year developing high quality wind energy projects throughout the United States. These are at-risk private investments in project development that benefit local landowners, consultants, engineers, lawyers, conservation NGOs and others working in rural parts of America that have been badly hurt by the recession. Our projects bring hundreds of thousands of dollars in new tax revenues to rural towns that are starved for new revenue opportunities, and create hundreds of high quality, high paying jobs during construction and dozens more during long term operations of the facility. As more high quality projects are built, the PTC also helps enable manufacturing jobs by creating project demand – thus expanding the positive impact of the credit – exactly what it is supposed to do.

Our projects, and others, are also critically important to achieving national, regional and state goals for increasing clean energy generation. The PTC is a critical component driving our investments in these projects. As a tax credit based on production, the PTC incentivizes us to select investments in highly productive areas where the maximum amount of energy can be produced, since the credit is based on the amount of energy produced – not the cost of the facility. The PTC presents an excellent value to the taxpayer in that it drives vastly more private investment in quality projects than it costs taxpayers and because the PTC has no value (or cost) until all of the private capital is in place and the project is actually creating jobs and producing clean, domestic energy.

I urge the committee to take up an extension of the wind energy production tax credit right away. Thank you for your consideration of these critically important issues.

Respectfully Submitted

Jack Kenworthy
Chief Executive Officer
Eolian Renewable Energy, LLC

155 Fleet Street | Portsmouth, NH | 03801
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Statement of Eric Silverman

From Eric J. Silverman
San Francisco, CA

To Members, House subcommittee

re: underwriting wind energy tax credits

-Example: The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farms in the Altamont Pass near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. The sight of these wind turbines is a visible signal that wind is gaining local, and public support, and hopefully, you see this happening, as well.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

Wind is hope, jobs and clean.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Evan Osler

24 April 2012

I, Evan Osler, a technical sales account manager at NRG Systems in Hinesburg, Vermont, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC has for years provided a level playing field for wind energy, and has allowed the industry to burgeon and create thousands of skilled jobs in the USA. While I am not a proponent of government handouts, it is critical to note that the wind industry is merely seeking a level playing field to be able to compete for a slice of the domestic energy supply. Wind energy works – for the economy, for national security, and for the environment. It deserves your bipartisan support.

Sincerely,

Evan Osler

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Statement of Ewa Gruszczynski

I, Ewa Gruszczynski, Sr Billing and Revenue Analyst, Chicago, IL, *respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.*

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm revitalize community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

Ewa Gruszczynski

Statement for the Record

Submitted by

Feeding America

For The Hearing on Certain Expired

and Expiring Tax Provisions

Before The

U.S. House of Representatives

Committee on Ways and Means

Subcommittee on Select Revenue Measures

April 26, 2012

Chairman Tiberi, Ranking Member Neal, and members of the House Subcommittee on Select Revenue Measures, thank you for the opportunity to submit this statement for the record on behalf of Feeding America. We are grateful to the Subcommittee for recognizing the importance of examining the impact that numerous expired and expiring tax extenders have on the US economy and American taxpayers. In particular, Feeding America recognizes the vitally important contribution that the charitable giving tax extenders have on the nonprofit community and those we serve. We urge Congress to swiftly renew expired tax provisions while the process of examining extenders in the context of comprehensive tax reform continues.

Feeding America is the nation's leading domestic hunger-relief charity with a network of more than 200 food banks in every state serving over 60,000 local food assistance agencies. Feeding America food banks as well as food assistance agencies rely on a variety of public and private funding streams, government commodities, as well as food donated by retailers, food manufacturers, farmers, and restaurants. Last year, **37 million people, or one in eight Americans, received emergency food assistance** through the Feeding America network of over 200 food banks. This represents **an increase of 46%** since 2006. As a result, **approximately 5.7 million people per week** are now receiving emergency food assistance through Feeding America food banks.

During the worst economic downturn since the Great Depression, the number of American families struggling to make ends meet has increased significantly. With unemployment still hovering near 8 percent and millions of Americans underemployed, the need for food assistance continues to grow and food banks continue to be pressed to meet the need in their communities.

The food distributed by Feeding America and the programs our food bank members run in local communities provides a solid return on taxpayer investments and helps reduce state government and private sector health costs as well as investing in a healthy future workforce. Feeding America network members utilize local and national public private partnerships to maximize the impact of government commodities and provide the most complete and nutritious food packages available. We also continue to do more with less, responding to an unprecedented increase in demand while combatting a 30% decline in surplus agriculture products from USDA, stagnation in manufactured food donations and a staggering 150% increase in the amount of food *purchased* by the network.

The food donation tax deduction (Internal Revenue Code Section 170 e3) is a critical tool for Feeding America network members in obtaining donated food. The deduction provides an incentive for businesses to donate fit and wholesome food inventory to a 501c3 organization serving the poor and needy. The deduction seeks to capture food that would otherwise be wasted by providing an incremental tax deduction over the cost of goods sold if the food is donated to a 501c3. Without Section 170e3, there is no incentive for a business to donate the food verses dumping the food inventory in question or selling the food to another retail outlet.

Since the inception of the food donation tax deduction in 1976, the provision was available to C corporation taxpayers only. However, as manufacturing efficiencies and improved sales forecasting by food manufacturers decrease the surplus goods donated to Feeding America members, it is vital to secure additional food product that is available across the food industry spectrum, including from small businesses like restaurants, farmers, and retailers. In 2006, Congress enacted as part of the Pension Protection Act a two year provision expanding the food donation tax deduction to include all business taxpayers as eligible donors, not just C corporations. This modification to the food donation tax deduction gave small businesses, including pass-through entities (Subchapter S corporations, limited liability companies), the ability to take the same enhanced deduction for the contribution of food inventory as C corporations.

Feeding America strongly believes enactment of the Good Samaritan Hunger Relief Tax Incentive Act would help encourage donations of excess food inventory across the food industry spectrum. The legislation would make permanent the temporary provision allowing all qualified business taxpayers (including farmers, retailers, restaurants and food manufacturers) to take a heightened charitable tax deduction for donations of fit and wholesome food to non-profit charitable organizations that serve the needy. Feeding America has seen a significant increase in the amount of food donations from small businesses such as restaurants, retailers, and farmers since the temporary provision was enacted in 2006. According to data collected by Food Donation Connection, in 2005 prior to the 2006 expansion donations of food from restaurants enrolled in FDC's Harvest Program were approximately 15 million pounds. By 2008, that amount had grown through the expansion of the provision to include 22 million pounds of food donated in 2008. However, the temporary nature of this provision makes it very difficult for small businesses to incorporate food donations into a long term business plan and reduces the amount of businesses willing to donate food.

The legislation would also allow farmers and other "cash method" accounting taxpayers to consider 25% of the fair market value of the donated food as the cost to produce the food. Current law does not accommodate the accounting choices that most farmers organized as sole proprietors use and prevents farmers that are sole proprietors from taking the tax deduction.

Lastly, the legislation would codify an important Tax Court ruling, *Lucky Stores, Inc. v. Commissioner of Internal Revenue*, in which the Court upheld the right of the taxpayer to determine a reasonable fair market value of donated food rather than the IRS.

We greatly appreciate the opportunity to submit testimony today on behalf of Feeding America, our over 200 member food banks, and the 37 million Americans fed last year. The food donation tax extender and the broader Good Samaritan Hunger Relief Tax Incentive Act would provide strong incentives to capture millions of pounds of nutritious food currently going to waste while giving small business owners fair and equitable access to the food donation giving incentives C corporations have had for decades.

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STATEMENT OF

COMMITTEE ON TAXATION

FINANCIAL EXECUTIVES INTERNATIONAL

BEFORE THE

SUBCOMMITTEE ON SELECT REVENUE MEASURES

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

HEARING ON

CERTAIN EXPIRING TAX PROVISIONS

APRIL 26, 2012

The Committee on Taxation of Financial Executives International (FEI) thanks Chairman Tiberi and Ranking Member Neal for the opportunity to submit this statement on the annual tax extender provisions. The Committee on Taxation urges Congress to act as soon as possible to extend these expired tax provisions. Inaction on these tax provisions has brought instability and uncertainty into the U.S. economy and put American companies at a competitive disadvantage in the global marketplace.

FEI is the leading advocate for the views of corporate financial management. Its 15,000 members hold policymaking positions as chief financial officers, treasurers, and controllers at companies from every major industry. FEI enhances member professional development through peer networking, career management services, conferences, teleconferences, and publications. Members participate in the activities of 86 chapters, 74 in the U.S., 11 in Canada, and 1 in Japan. FEI is headquartered in Morristown, NJ, with additional offices in Washington, D.C. and Toronto. The Committee on Taxation formulates tax policy for FEI in line with the views of the membership.

The Committee on Taxation believes that tax policy that supports economic growth includes certainty and predictability in the Internal Revenue Code (the "Code"). Many of the tax extenders have long been part of the Code, and taxpayers have come to expect they will be extended annually. Failure to extend some or all of these provisions before they expired, or doing so later in the legislative session with retroactive application, creates uncertainty, as well as tax financial reporting and planning challenges. The failure to extend these tax provisions in a timely manner reduces their incentive effects and raises taxes on businesses, leaving less income for investment and job creation. In addition, expired tax provisions can have a material impact on a business' available capital and public perception when disclosures are required in financial statement filings.

The Committee on Taxation supports tax reform that simplifies, makes certain and predictable, and improves the Code, while increasing the global competitiveness of U.S. companies. The Committee on Taxation also believes that these tax provisions should be carefully examined, along with all tax policies, in the context of fundamental tax reform. However, the Committee on Taxation believes that these tax provisions should not be allowed to remain expired during the careful and deliberative legislative process on tax reform. Nonetheless, the Committee on Taxation believes that permanent tax increases should not be used to pay for the temporary extension of these provisions and that permanent tax changes should only be considered in the context of fundamental tax reform.

Many of the provisions in the annual tax extender package have become fixtures of the Code. Despite their recurring expiration dates and uncertain renewal, taxpayers have come to rely on these tax provisions when making business decisions. The research and development (R&D) tax credit is such an example. While the R&D credit has been a proven incentive for R&D investment and job creation in the U.S., companies must rely on annual Congressional action to make the investment. Global competition for R&D is fierce, and the U.S. R&D tax credit only ranks 17th overall among the 34 countries in the Organization for Economic Cooperation and Development (OECD). That is why the Committee on Taxation supports not only extension of the R&D tax credit, but also efforts to modernize, strengthen, and make it permanent. In the meantime, failure to extend the current credit increases the risk that

R&D – along with the jobs, investment, and intangible property that may result – will be conducted outside the U.S. at the expense of our economy.

The Committee on Taxation believes that active financing exemption is another example of very sound tax policy within the tax extender package and should be extended. The active financing exemption is another longstanding tax extender provision that prevents the double taxation of income from active foreign business operations in the U.S. financial sector, including captive finance companies of U.S. manufacturers. It also ensures that American financial services providers and U.S. exports financed by captive finance companies are not put at a competitive disadvantage compared to their worldwide competitors.

A more recent tax extender that the Committee on Taxation believes should be extended is the related controlled foreign corporation (CFC) look-through rules. This provision also removes the double taxation faced by U.S. companies that operate and compete abroad. It allows related CFCs of a common U.S. parent company to make cross-border dividend, interest, rent, or royalty payments without creating subpart F income if the amounts are paid from active foreign business profits or effectively connected income. Without these rules, such reinvestments would be subject to immediate tax that competitors based in many other countries do not incur.

The Committee on Taxation also urges Congress to extend 100 percent "bonus depreciation" expensing. Temporary partial expensing has been enacted, enhanced, and reenacted several times since 2002 to boost economic recovery. The 100 percent expensing was enacted in December 2010 and expired at the end of 2011. The Committee on Taxation believes that expensing is an effective investment stimulus and should be increased back to 100 percent.

The benefits of renewing the annual tax extender package and 100 percent bonus depreciation to jobs and global competitiveness cannot be overstated. The United States not only has the highest corporate tax rate in the OECD, but also is the only OECD country that uses a worldwide system of taxation. These tax extender provisions help U.S. companies compete globally. U.S. companies and American workers can ill-afford the uncertainty caused by inaction on these important tax provisions.

The Committee on Taxation appreciates the opportunity to submit these comments and looks forward to working with Congress in support of extending these tax provisions as quickly as possible.

Submitted by:

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FLORIDA COMMUNITY LOAN FUND

Name:	Ignacio Esteban, Executive Director
Organization:	Florida Community Loan Fund, Inc.
Address:	501 N. Magnolia Avenue, Suite 100, Orlando, Florida 32801-1364
Phone Number:	407.246.0846
Contact E-mail:	Ignacio@fclf.org
Title of Hearing:	House Ways and Means – Select Revenue Measures Subcommittee Hearing on Certain Expiring Tax Provisions

The Florida Community Loan Fund (FCLF) was among the first community development financial institutions to be certified in Florida by the U.S. Department of Treasury, and the first Florida based CDE to secure NMTC. FCLF is the only statewide CDFI in Florida and currently holds over $120 million in assets under management. FCLF's three commercial lending programs focus on economic and community development, preservation of affordable multi-family rental housing, and New Markets Tax Credits.

In addition, FCLF is a member of the National New Markets Tax Credit Coalition and a 4 time recipient of federal New Markets Tax Credits. To date we have been competitively awarded $111 million in NMTC and financed 9 NMTC projects: a limestone mining reclamation project, a wood torrefaction plant, 3 charter schools, a bio-medical research park, a prototype solar cell energy manufacturing facility, an adult day care and medical facility, and a health and human services campus and medical facility.

FCLF's New Markets Tax Credit projects will help create over 2500 jobs to support Florida's economic recovery.

Included in the following pages are:

- FCLF Statewide Impact Map, depicting the scope of our general lending and the increased impact of the NMTC projects we have financed;
- Summary descriptions of FCLF's 9 New Markets Tax Credit projects;
- December 2011 Support Letter from the National NMTC Coalition requesting extension of the program, and a list of organizations in Florida who signed on to the letter;
- Contact information for Florida Community Loan Fund NMTC projects.

New Markets Tax Credits have become a line of business upon which our borrowers and investors rely. Consistent with national experience, our use of NMTC has leveraged $12 in private capital for every one dollar in credit. The credit itself (39% spread over 7 years) is relatively shallow. In some states, as is the case in Florida, the federal credit has been used to stimulate even more business development by combining it with state NMTC programs which parallel the federal credit in order to provide an even more robust incentive for economic development and business growth.

At this moment in time, when capital is so hard to come by, it is not surprising that there is tremendous demand for NMTC. Since the first allocation in 2003, demand for NMTC has exceeded $225 billion compared to the $33 billion in credit availability. **In the case of the Florida Community Loan Fund we have a current estimated pipeline of over $300 million in project requests representing more than ten times the amount of our current $30 million allocation – all of which are capable of closing within the next 12 months.**

Just as important as the demand is the impact that NMTC has had on economically distressed communities. Billions of dollars have flowed to communities traditionally left out of the investment mainstream and hard hit by the recession. **In the case of the Florida Community Loan Fund, all 9 NMTC projects significantly benefited high poverty areas with unemployment rates of 2.2 times the national average, and average household income at 55% of the area median.**

In light of the current demand for capital and the credit's proven ability to stimulate economic development, the time is now for Florida to benefit from NMTC. In our experience, interest in NMTC in Florida is at an all time high. As soon to be the third most populous state in the country, Florida is on the verge of a slow but critically important economic recovery – one that involves building, expanding and attracting both existing and new businesses. The importance of NMTC to these businesses and their ability to grow is tremendous. Capital markets have gained confidence and experience with the credit. Businesses have been able to expand and grow because of the credit. As a result, we believe NMTC is poised to connect capital markets and businesses at precisely the right moment and in precisely the right fashion to help bring the economy out of recession. To fail to extend the NMTC program would be to rob Florida and Florida businesses of these opportunities.

Florida community reinvestment districts, city, county and state government, business leaders and financial institutions throughout the state support the extension of NMTC and have signed on to support letters requesting the extension of the program (see included list). Florida state government has also just recently renewed and increased its support for its own state new markets tax credit program which has frequently been paired with federal credits to provide added incentives for attracting and growing businesses.

We are urging Congressional leaders to recognize and support the tremendous power of federal NMTC. NMTC significantly help to re-invigorate the business climate because they drive private capital demand and harness the power of the private sector. We, like other allocatees, are currently experiencing a virtual frenzy of demand for these credits and our pipeline of potential projects is tremendous.

Without a reauthorization we fear that private investors and capital will decline as the availability and certainty of the credits linger in question.

Moreover, we believe the performance of the credit nationwide also warrants making it a permanent credit. We urge you to consider this now and as part of any future tax reform effort.

Florida Community Loan Fund's Statewide Impact Map as of June 30, 2011, showing the impact of New Markets Tax Credit lending.

The following projects are examples of what Florida Community Loan Fund (FCLF) has accomplished using NMTCs. To date, FCLF's NMTC projects have leveraged $211 million in additional private capital and created an estimated 2500 jobs. FCLF's most recent NMTC allocation of $30 million (included in the $111 million) will finance additional projects using $1 in federal investment to leverage an estimated additional $12 in private investment capital or more per project.

WEXFORD SCIENCE + TECHNOLOGY — **TOTAL PROJECT: $116.8 MILLION**
UNIVERSITY OF MIAMI LIFE SCIENCE RESEARCH PARK, MIAMI — **FCLF NMTC ALLOCATION: $5.7 MILLION**

Wexford Science + Technology is developing the UM Life Science Park to provide opportunities to foster the development of life sciences, technology, and biotechnology innovations. This 300,000 sf complex, adjacent to the University of Miami, will include a research lab and a business incubator for emerging businesses affiliated with university research. FCLF's NMTC allocation was used to help attract additional NMTC and conventional funding for pre-development and construction of the first building in the park. The project has created 790 jobs during construction and will create 539 permanent jobs when fully occupied. The project is located in a census tract with 39% MSA and 43% poverty rate. Construction of the research park began in December 2009 and was recently completed.

Investor: U.S. Bancorp Community Development Corporation
Additional NMTCs: Urban Research Park
Lender: M&T Bank, Townsend Capital, and others

SOLAR SINK MANUFACTURING FACILITY — **TOTAL PROJECT: $16.6 MILLION**
TALLAHASSEE — **FCLF NMTC ALLOCATION: $12.5 MILLION**

SolarSink, LLC is a new start-up business created to produce a new, more efficient, heatsink technology and create a solar array on a 5-acre site, utilizing innovations developed in conjunction with Florida State University. This technology allows solar energy to be efficiently converted to electricity, and power produced will be used in the manufacturing facility, other local businesses, and sold to the municipality's power grid. This project is in a highly distressed census tract with 49% poverty rate and will provide 137 temporary and 55 permanent jobs. The "solar sausages" (as pictured above) will be produced in the United States, as opposed to China, where about 80% of solar panels are manufactured. These systems are estimated to be 50% less costly than conventional solar systems. The SolarSink Manufacturing Facility reinforces FCLF's commitment to green and environmentally sustainable projects. Construction of the manufacturing facility began in spring 2011. The project includes NMTC credits from the State of Florida and a Federal Energy Grant.

Investor: U.S. Bancorp Community Development Corporation
Lender: Hunter & Harp Holdings
State NMTCs: Stonehenge Capital

LAKE POINT RESTORATION — **TOTAL PROJECT: $30.2 MILLION**
MARTIN COUNTY, FLORIDA — **FCLF NMTC ALLOCATION: $16 MILLION**

The Lake Point project is an innovative public-private environmental undertaking on 2,250 acres in South Florida. The South Florida Water Management District has helped design a plan that, when complete, will be a designated wetland and water storage/ treatment area to pump purified water back into Lake Okeechobee and the Okeechobee Waterway and to provide clean water for various natural, often endangered, habitats, including the Everglades and others. In the short term, the operation will provide a low-cost source of essential limestone raw materials for local infrastructure and conservation projects, such as the Herbert Hoover Dike, a federal top priority project for the U.S. Army Corps of

Engineers. Martin County and/or a conservation group will receive 150 acres of upland reserves to create a limited-use recreational park upon closing of the NMTC transaction. The project is expected to provide 60 permanent jobs, and over 400 indirect jobs; 60% of which will be held by residents of the low-income communities in four counties around the facility. Lake Point is located in a designated Brownfield site in an area of high unemployment.

Investor: U.S. Bancorp Community Development Corporation
Lender: JPMorgan Chase, The Lindemann Family

ASPIRA OF FLORIDA — **2 PROJECTS, TOTAL: $15.8 MILLION**
MIAMI — **FCLF NMTC ALLOCATION: $17.1 MILLION**

ASPIRA of Florida is a nonprofit organization operating charter schools, after-school programs, and community outreach programs in South Florida, with an emphasis on education of Latino and other minority youth. Using the NMTC Program, ASPIRA has funded 2 projects: ASPIRA North, a $7.4 million renovation and expansion of a charter school; and ASPIRA *Eugenio María de Hostos*, an $8.4 million purchase and renovation of a charter school building. The ASPIRA schools serve primarily low-income children, with over 85% of their students Title I qualified. Acquisition and renovation of these buildings allowed the schools to increase enrollment, by 100% in the first project and by 70% in the second. Through the NMTC structure, ASPIRA will receive additional equity funding at the end of each 7-year loan, allowing the organization to use less of its own equity. Other benefits include lower-than-market blended interest rates and lower debt service coverage requirements.

Investor: U.S. Bancorp Community Development Corporation
Lenders: NCB Capital Impact, Fifth Third Bank
Additional NMTCs: Stonehenge Capital

JACKSONVILLE ALLIANCE FOR KIPP SCHOOLS — **TOTAL PROJECT: $26.2 MILLION**
JACKSONVILLE — **FCLF NMTC ALLOCATION: $15 MILLION**

JAKS is a non-profit organization operating one of the nationally-recognized KIPP charter schools on the site of a former greyhound racetrack and clubhouse. KIPP (Knowledge is Power Program) schools are known for preparing students from underserved communities for success, with a national average of 85% of students going on to college. Phase 1, a 400-student middle school, opened in fall 2010; it will be followed by 2 more schools as all 4 floors of the 150,000 sf building are renovated. Upon completion, the multi-school campus will create 130 permanent jobs and serve up to 1,200 students. FCLF provided $15 million in NMTC allocation along with an $11million allocation from LISC/NEF to support funding for this project. The KIPP school is located in an educationally underserved community. In addition to the economic and social impact of bringing the KIPP school to this community, the project features the adaptive reuse of an abandoned greyhound racing facility that has been an eyesore for years.

Investor: U.S. Bancorp Community Development Corporation
Additional NMTCs: National Equity Fund

NEW CAMILLUS HOUSE CAMPUS — **TOTAL PROJECT ESTIMATE: $37.4 MILLION**
MIAMI — **FCLF NMTC ALLOCATION: $20 MILLION**

Camillus House, Inc. is a non-profit which has provided services to homeless and at-risk clients for 50 years. The New Camillus House Campus is a 7-building LEED-certified development that will provide a new home for the organization and provide space for expansion of its programs and services, including job readiness, medical and mental health services, emergency shelter and meals. Upon completion, Camillus House projects that the campus will annually serve the emerging, transitional and chronic needs of more than 3,000 persons who are homeless or at risk of becoming homeless. The Campus will be built in an area that has been targeted by the City of Miami for revitalization. The project is expected to create 100 permanent and 300 temporary jobs, in addition to retaining 50 existing jobs, in this census tract where unemployment is over 3 times the national average. The transaction is currently in closing.

Investor: NorLease, Inc.
Lender: Northern Trust Bank

QUITMAN WOOD TORREFACTION PLANT QUITMAN, MS	TOTAL PROJECT: $50.3 MILLION FCLF NMTC ALLOCATION: $3.5 MILLION

Torrefaction plants convert forest, sawmill and urban wood residuals and waste into compacted, torrefied wood pellets to be co-fired with coal in electric power plants. Torrefied wood is recognized internationally as a source of clean, green energy with long-term carbon neutrality. The finished torrefied wood pellet product will be sold to utility companies for co-firing in existing coal power plants to produce electricity from a clean renewable resource both in the U.S. and in Europe. The Quitman Torrefaction Plant began operating in mid 2011. It is located in a rural and highly distressed census tract, with a 24% poverty rate and unemployment rate at 1.36x the U.S. average.

Torrefied Wood Product
1. *Wood chips*
2. *Torrefied wood chip*
3. *Final product in pelletized form*

Investor: U.S. Bancorp Community Development Corporation
Lender: Mississippi Business Finance Corporation
Additional NMTCs: Hope Enterprise Corporation

NEW MANCHESTER FLATS II RICHMOND, VA	TOTAL PROJECT: $7.5 MILLION FCLF NMTC ALLOCATION: $1 MILLION

On a large tract of formerly unused land, this development in Richmond began with two buildings. One 20,000 sf community building is occupied by a Program of All-Inclusive Care for the Elderly (PACE), operated by Riverside hospital. PACE, opened in January 2009, enables frail seniors to maintain as much independence as possible and to stay in their own homes by providing all levels of medical, social, personal care, and respite services for seniors and their caregivers. PACE is funded through Medicaid and Medicare or private pay for individuals. The second 10,000 sf building is mixed-use, including special needs apartments, and opened in Spring 2010. The New Manchester project is in a very low-income, high poverty and high unemployment census tract. This project also used historic tax credits and other public sources of funding.

Investor, Lender, Additional NMTCs: Wells Fargo Bank

NEW MARKETS TAX CREDIT COALITION

December, 2011

United State Congress
Washington, DC

Dear Members of Congress:

We write to urge your support for legislation that extends the New Markets Tax Credit (NMTC). New Markets was established in 2000 in the Community Renewal Tax Relief Act and was designed to spur revitalization in economically distressed urban and rural communities.

There is substantial evidence that the NMTC is working. The Credit has generated an unprecedented level of private sector investment in communities and neighborhoods often left outside the economic mainstream with over $5 billion in investments in the last 12 months alone.

Through 2010, NMTC has financed over $20 billion in loans and equity investments to businesses located in communities with substantial rates of poverty and unemployment. These businesses include commercial and industrial facilities, healthcare centers and charter schools, and a variety of small businesses. The result: increased job and business opportunities, improved facilities and services and strengthened local economies.

Unless Congress votes to extend NMTC it will expire on December 31, 2011.

NMTC has demonstrated that it is an effective in promoting private sector investments in communities hard hit by the current economy and we urge Congress to extend the Credit by the end of this year.

Thank you,

(We have listed here only the Florida organizations who signed on – there were many others. - FCLF)

Acquire International LLC, CEO & Managing Partner	Miami	FL
ASPIRA of Florida, Inc.	Miami	FL
Beck Group	Tampa	FL
Beth-El Farmworkers Ministry, Inc.	Wimauma	FL
Black Business Investment Fund	Orlando	FL
Boley Centers, Inc.	St. Petersburg	FL
Boynton Beach CRA	Boynton Beach	FL
Brevard County	Viera	FL
Burnette Construction	Tallahassee	FL
Capital Trust Agency	Gulf Breeze	FL
Central Community Redevelopment Agency	Bradenton	FL
Cesery Companies	Jacksonville	FL
CFO Bean Team	Tallahassee	FL
City of Lauderdale Lakes	Miramar	FL
City of Melbourne	Melbourne	FL
City of Riviera Beach, Florida	Riviera Beach	FL
City of Sunrise Community Development Department	Sunrise	FL
Collier County Govmt Code Enforcement	Naples	FL
Community & Economic Development	Lake Worth	FL
Community Maritime Park Associates, Inc	Pensacola	FL
Delray Beach CDC	Delray Beach	FL

Delray Beach Community Redevelopment Agency	Delray Beach	FL
Financial Institution	Miami	FL
Florida Candy Factory, Inc.	Clearwater	FL
Florida Community Loan Fund	Orlando	FL
Florida Home Partnership, Inc.	Ruskin	FL
Florida Interfaith Network in Disaster	Bonifay	FL
Florida Non-Profit Services, Inc.	Naples	FL
GIM Associates, LLC	Tampa	FL
Good News Outreach	Tallahassee	FL
Housing Partnership, Inc.	Riviera Beach	FL
Human Development Center	Tampa	FL
Inkbridge, LLC	Tallahassee	FL
Jacksonville Beach Community Redevelopment Agency	Jacksonville Beach	FL
Keystone Challenge Fund	Lakeland	FL
KIPP Jacksonville Schools	Jacksonville	FL
Lake County Housing Services	Ocala	FL
Lake Point Holdings LLC	Canal Point	FL
Lake Point Restoration LLC	Canal Point	FL
Lake Worth CRA	Lake Worth	FL
Lee County Housing Development Corporation	Ft. Myers	FL
McDuff QALICB, Inc.	Jacksonville	FL
Mid-Florida Housing Partnership	Ormond Beach	FL
Neighborhood Lending Partners	Tampa	FL
Neighborhood Renaissance, Inc.	West Palm Beach	FL
OL'MAN Outdoors	Tallahassee	FL
Orange County Florida Government	Orlando	FL
Our House in Dana, Inc.	Ft. Lauderdale	FL
Palm Beach County Economic Development Office	West Palm Beach	FL
Palm Beach County Government	West Palm Beach	FL
Picerne Development Corporation of Florida	Altamonte Springs	FL
PSPE LLC	Milton	FL
Redevco Management	Miami	FL
Riviera Beach Community Redevelopment Agency	Riviera Beach	FL
Seaside National Bank & Trust	Winter Park	FL
Shelton Dean, Inc.	Tallahassee	FL
Sunny Land Solar	Tallahassee	FL
Tampa Bay Community Development Corporation	Clearwater	FL
Tampa Family Health Centers, Inc.	Tampa	FL
The Transition House Inc	St. Cloud	FL
Urban Development Solutions, Inc	St. Petersburg	FL
Web Parts, Inc.	St. Petersburg	FL
Westgate/Belvedere Homes CRA	West Palm Beach	FL
Windsor Aughtry Co.	Gainesville	FL

Florida Community Loan Fund (FCLF) New Markets Tax Credit Projects Contact Information

Paul Ahr, Camillus House
336 NW 5th Street, Miami FL 33128
Ph 305.374.1065

Rebecca Bryan, New Manchester Flats II
c/o Fountainhead Real Estate Services, 700 E. 6th Street, Suite E, Richmond VA 23224
Ph 804.205.1233 – Fax 804.233.0020

George Cabrera, ASPIRA of Florida, Inc.
6100 Blue Lagoon Drive, Suite 460, Miami FL 33126
Ph 305.269.6767 – Fax 305.269.6722

Craig Dale, Quitman Torrefaction Plant
c/o Capital Peak Partners, LLC, 50 Ivanhoe St., Denver CO 80220
Ph 303.379.8193

Kevin Keyser, Wexford Equities, LLC
801 W. Baltimore St., Suite 505, Baltimore MD 21201
Ph 410.579.3195 – Fax 410.579.4890

Jake Levin, Lake Point Restoration, LLC
P.O. Box 69, Indiantown FL 34956
Ph 305.573.1626

Tom Majdanics, Jacksonville KIPP School
1440 McDuff Avenue North, Jacksonville FL 32254
Ph 904.683.6643

Kim Rivers, SolarSink, LLC
311 E. Jennings St., Tallahassee FL 32301
Ph 850.521.5817

FLOYDADA
Economic Development Corporation

P.O. Box 15 (105 S. 5th Street) Floydada, Texas 79235 P: (806) 983-3318 F: (806) 983-6017

House Ways and Means Committee

Re: Hearing on Certain Expiring Tax Provisions, PTC

It is with the utmost urgency that I wish to express the need for the Committee to consider the importance of Production Tax Credit and its impact on American jobs. The longer this vital piece of legislation is left undecided, the longer and greater the impact will be for the growth of the industry as a whole.

Rural communities, such as the one I represent in the State of Texas, are seeing the development of wind farms put on hold due to the uncertain future of this credit. This means the greatly anticipated benefit of jobs and investment in local economies is also put on hold and adding to the greater sense of uncertainty of our future.

Wind farm development provides economic stability in times when agriculture production is poor that keep our schools funded and hospitals open. This industry has the single greatest potential to reenergize job growth in our region that will create a positive ripple affect across every aspect of business. Please take action to preserve the PTC.

Sincerely,

Justin Jaworski
Executive Director

Submitted Testimony of the Foundation Windpower, LLC
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
April 26, 2012

Organization: Foundation Windpower, LLC

Name: John Pimentel, President, Foundation Windpower, LLC

Address: 431 Burgess Drive, Second Floor, Menlo Park, CA 94025

Phone: (650) 269-8933

Email: john.pimentel@foundationwindpower.com

I am John Pimentel, President of Foundation Windpower, LLC (FWP). I submit this testimony on behalf of FWP.

Background on Foundation Windpower

Foundation Windpower, LLC—with offices in Menlo Park and San Francisco, California—builds wind turbine generators on-site at business locations facing large energy demand, high energy costs and increasingly strict emissions limitations. We finance, build, and maintain our turbines at no capital cost to our customers, and help our customers control costs by selling the electricity generated by the turbines directly to them at prices typically below utility rates. Our customers include mines, quarries, distribution centers, agricultural processing facilities, water treatment facilities, and other large energy users looking to control and reduce energy costs through renewable generation.

Current Law Allows Market Participants the Freedom to Choose Between ITC and PTC and Promotes Technology-Neutral Competition

Internal Revenue Code Section 45 provides for a Production Tax Credit (PTC) for all wind projects placed in service through 12/31/2012. Internal Revenue Code Section 48 also allows companies, in lieu of the PTC, to claim a 30% Investment Tax Credit (ITC) for all wind facilities, placed into service by 12/31/2012. Thus, under current law, any company that places a wind facility into service before 12/31/2012 has the freedom to choose to claim either (a) a PTC of 2.2¢/kWh for electricity produced from the wind for 10 years, or (b) a one-time ITC worth 30% of the cost of the facility.

FOUNDATION WINDPOWER

If neither the PTC nor the ITC for wind are extended, neither of these two options will remain. If, however, only the PTC is extended, the unintended result will be to favor a subset of renewable technologies. This imbalance stems from the fact that Section 48(c)(4) of the Tax Code also provides that the 30% ITC is available for solar and fuel cell energy projects and a small subset of wind projects sized under 100kW. But, unlike the PTC and ITC for larger wind projects, which are expiring this year, the incentive for these other systems applies to projects that are placed in service through 12/31/16. By extending the ITC for all wind projects along with the PTC, Congress will help maintain a level playing field in the Tax Code between all wind, solar and fuel cell technologies, thereby maintaining the market's ability to pick winners in the renewable energy space.

ITC-Backed On-Site Distributed Wind Projects Help US Businesses Create and Retain U.S. Jobs

On Site Distributed Wind projects like Foundation Windpower's are particularly helpful in creating and retaining jobs here in the United States - jobs that cannot be exported.

First, of course, there are U.S. jobs created in the development and construction of our wind projects. Each project requires the efforts of between 30 and 50 engineering and construction personnel over several months. With multiple projects in development, our efforts have helped locally-based engineering and construction firms we work with train, hire and retain employees in the relevant trades for years.

Our projects support job creation and retention in another important way. On-Site Distributed Wind is different from most wind projects that rely on the PTC in that the wind energy created is not for wholesale distribution to the grid which is then subsequently marked up and resold by utilities. Rather, we locate our turbines "on-site," and we sell all of the energy generated by our turbines directly to leading U.S.-based manufacturing and industrial employers like Anheuser-Busch, Wal-Mart and Safeway Stores. The ITC enables us to sell this energy to our manufacturing and industrial customers at prices that are both predictable and typically lower than utility rates. Moreover, by deploying zero-emissions wind technology, we have also been able to help our customers comply with state-based greenhouse gas emission standards. By controlling costs and simultaneously easing compliance with increasingly strict emission standards, Foundation Windpower has been helping key constituents of the US industrial and manufacturing base maintain and grow their operations and all of the jobs that come with that economic activity.

FOUNDATION
WINDPOWER

The ITC Is Necessary to Leverage Private Capital for On-Site Distributed Wind Project Development

More On-Site Distributed Wind projects using the ITC are under construction now; however, without the ITC, none of these projects would be feasible. Extending the ITC for On-Site Distributed Wind projects enables the continued development of projects located at manufacturing and industrial facilities throughout the U.S. The ITC is well-suited for wind energy projects co-located with industrial facilities that are reliable energy customers, and it therefore creates a direct incentive to attract private capital to enter this niche of the wind market. As a result, extending the ITC option brings new capital investment to projects which help U.S. manufacturers use cheaper, cleaner, more predictable wind energy to fuel American manufacturing jobs.

ITC Is a Vital (And Efficient) Corollary to the PTC

Most discussion about wind energy tax credits focuses on the PTC; however, extending the corollary ITC option for project developers is equally important and should not result in increased taxpayer expenditure since developers must elect either the PTC or the ITC, but not both. This efficiency is magnified by the fact that the PTC structure fails to attract private financing for On-Site Distributed Wind projects, whereas the ITC has proven to be an effective mechanism for leveraging private capital into these projects. Simply put, retaining the ITC option is an affordable way to give U.S. manufacturers access to the benefits of wind energy.

If the ITC option is extended, more U.S. employers can follow examples set by leaders such as Anheuser-Busch, Cemex, Nestle Waters, Robertson's Ready Mix/Mitsubishi Cement, Safeway, Teichert Aggregates and Wal-Mart (all users of ITC supported On-Site Distributed Wind projects) to make rational choices between wind energy and other on-site renewable options. ITC supported On-Site Distributed Wind also reduces the reliance on utility-supplied power. By placing generation closer to its point of consumption, On-Site Distributed Wind reduces the need for new investment in centralized generation and transmission facilities subject to energy loss over long transmission lines.

Congress Should Act to Preserve the ITC for On-Site Distributed Wind

Congress will need to identify the most appropriate vehicle to ensure this important tax credit option remains available to US manufacturers and industrial facilities. Any such legislation will either (a) assuming the PTC is extended, amend Section 48(a)(5)(C) to extend the deadline for the ITC election for wind along with the requirement that any taxpayer seeking to use ITC simultaneously waive the right to claim any benefits under the PTC or (b) if PTC is not extended, amend Section 48(c)(4) of the Tax Code by lifting the 100kW cap on the ITC for wind.

Thank you for the opportunity to submit these comments.

Sincerely,
John Pimentel
President
Foundation Windpower, LLC

Statement of Fred Teal, Jr.

Fred T. Teal, Jr.
9 North Street
Brookeville, MD 20833
301 774-8151 (H)
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ftealjr@yahoo.com

April 26, 2012

Ways and Means Committee:

Re: Hearing on Certain Expiring Tax Provisions

I, Fred Thomas Teal, Jr. in Brookeville, MD, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Without some degree of certainty about future policy, numerous firms will simply refuse to commit themselves to clean energy projects

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen first hand the impact that local wind farms can foster in communities – bringing in construction jobs at first, and maintenance jobs in the future generating revenue for the community over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away. The committee must understand that this is an issue about the future of America. We are still providing all kinds of tax subsidies for fossil fuel companies that offer huge profits in the present but without the development of a sustainable energy infrastructure, we will not have not tomorrow. Fossil fuels are ruining the climate, becoming increasingly expensive and shrinking in supply.

Think of our children, their health and economic prosperity. Please vote yes to extend the production tax credit.

Sincerely,

Fred T. Teal, Jr.

Statement of Friends of Lana'i

Friends of Lana'i
P.O. Box 631739
Lana'i City, HI 96763
808-559-6124
friendsoflanai@gmail.com

HEARING ON CERTAIN EXPIRING TAX PROVISIONS

Friends of Lana'i strongly urges our Congress to let the Production Tax Credits expire. Wind power plants on Lana'i, Hawaii are an economic, cultural and ecological disaster, underwritten by the PTC. Wind is an intermittent source of power that requires huge pieces of land on which to place monstrous machines that destroy that landscape, and endanger already rare and precious birds.

The PTC makes no sense. It undermines our efforts to find efficient, cost-effective renewable energy options. It is a give-a-way to already rich land developers and corporations. It is an unwise expenditure of our tax dollars. Wind power plants create a very limited source of local employment and do little to enrich our local tax base.

Please let the PTC expire.

Thank you,

Robin Kaye for Friends of Lana'i

Statement of Friends of Sand Canyon

"Hearing on Certain Expiring Tax Provisions"

To Whom It May Concern:

As residents of Tehachapi, CA, the self-proclaimed wind energy hub of the world since the first wind turbines were erected, we speak from experience. The wind energy companies are not good neighbors! It is an artificial industry maintained by our tax dollars, at best a huge pyramid scheme. The wind turbine generators, WTGs, are not green. Stop listening to the industry propaganda stating otherwise.

Hundreds of thousands of acres are permanently destroyed, thousands of endangered Joshua trees are bulldozed, millions of birds are massacred, at risk is even the California Condor and for what? WTG's ARE noisy, they do leak transmission fluids, they do "fly" apart and we have seen WTG set fires. An **inefficient** source of energy should not be worthy of our tax dollars or even tax credits. END the Production Tax Credit and the Investment Tax Credit!

Sincerely,

Dr. Beverly J. Billingsley
President: Friends of Sand Canyon
21832 Ferncuko
Tehachapi, CA 93561
661-203-6737
ladydvm@sbcglobal.net

April 24, 2012

Ways and Means Committee Office
1102 Longworth House Office Building
Washington D.C. 20515
Attn: Jim Gerlach

RE: PTC Extension

Dear Jim,

I am writing on behalf of my company, G&W Electric Company, a global electrical equipment manufacturer headquartered in Bolingbrook, IL to urge Congress to extend the wind energy production tax credit immediately.

With the uncertainty of the PTC's future, we are seeing a severe decline on the part of wind development in the US that will ultimately grow into a virtual collapse in 2013 and beyond if Congress waits to extend the credit until just before or after it expires. Our company manufactures and supplies medium voltage switchgear to wind turbine manufacturers and developers which ties the turbines into the electric grid.

Should this business evaporate over the course of the next year and beyond, it will certainly impact job creation within our company. More importantly, we will be forced to limit any further expansion of this product line currently being planned to enable us to better compete with our foreign competition. However, in extending the PTC, you might also wish to consider that Congress provide enhanced tax credits for projects utilizing a larger US content of material and services over those using a majority of offshore material and services since US taxpayer monies are being used.

As you are well aware, alternatives to foreign oil imports bear more importance than simply the financial aspects. By limiting our exposure (and money paid) to unfriendly nations from whom we import energy means, we enhance our national security and self sufficiency. We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Sincerely yours,

Regional Vice President, Northeast

G&W Electric Company

Gamesa Technology Corporation
1150 Northbrook Drive
Trevose, PA 19053
215-710-3100
www.gamesacorp.com
May 10, 2012

Gamesa

May 10, 2012

The Honorable Pat Tiberi
Chairman
U.S. House Ways and Means Subcommittee on Select Revenue Measures
106 Cannon House Office Building
Washington, DC 20515

Dear Chairman Tiberi:

Gamesa Technology Corp., Inc., a global leader in the design, manufacture, installation and maintenance of wind turbine generators and the development and sale of wind farms, was the first overseas wind manufacturer to set up full production facilities in the United States. In 2005, when we decided to build two manufacturing plants and locate our North American headquarters in Pennsylvania, it marked a major milestone for our nation: Instead of losing jobs overseas, we were suddenly luring overseas jobs here.

Today, Gamesa is the fourth largest wind turbine manufacturer globally, with more than 24,000 megawatts installed in 35 countries on five continents. Since locating here, we have delivered more than 3,147 megawatts to 36 wind farms throughout the country, and we have another 767 megawatts under construction or set to be delivered later this year in the United States. The turbines we manufacture here also are being exported to places like Canada, Mexico, Central America and South America, helping our nation regain its dominance in delivering advanced technologies. In 2011, Gamesa delivered 51 turbines (102 megawatts) for the first wind farm in Honduras, earning us the U.S. Export-Import Bank's "Renewable Energy Exporter of the Year" award.

Gamesa has invested nearly $200 million in manufacturing facilities and expansions, growing operations to include sales offices in Dallas, Denver and Trevose, Pa., and development offices in Minneapolis, Houston and San Diego. As part of our global Corporate University program, we jointly operate a U.S. training center with Bucks County Community College, where we provide continuing education to existing employees and offer our customers and others skills training in wind energy technology. Through a partnership with the U.S. Department of Energy's National Renewable Energy Laboratory (NREL), we are helping to guide development of the next generation of wind turbines designed specifically for the U.S. marketplace.

A number of factors went into Gamesa's decision to locate in Pennsylvania and have driven our continued U.S. investments over the years, including incentives provided by the Production Tax Credit (PTC), which did exactly what it was designed to do --- encourage investments in clean, domestic energy and generate real economic growth and family-sustaining jobs. ***Gamesa supports an extension of the PTC because the PTC remains the critical bridge to enable wind energy companies to fully develop the technological innovations that can bring down the cost of wind energy, making it competitive to all other energy sources.*** EVERY source of energy enjoys some form of federal support. The wind industry only seeks a fair and level playing field. Not renewing the PTC would actually single out the industry as the only energy sector NOT receiving support --- and that's far from leveling the playing field.

It is our belief that the PTC will be needed no longer than three to four years and then can be phased out completely. In the short term, however, it remains critical to market stability and continued financial investment.

There is a common misconception that the PTC is a grant. It is not. It is a credit that comes into play only when the project has been built, connected to the grid and is generating taxable income. In addition, the amount of money spent on the PTC is more than compensated through the economic growth it generates through the investments in manufacturing facilities and associated jobs, the entire supply chain that supports the manufacturing and development, income to landowners, and taxes paid to local, state and federal governments.

In just three short years, the cost of wind energy has come down more than 25 percent. The cost of wind in 2008 was $1.4 million per megawatt; in 2011, the cost of wind dropped to $1 million per megawatt. In our 2011 business plan, Gamesa committed to bringing down the cost of energy by 30 percent over five years, and new advancements already have us well on our way to meeting that goal. While competition is certainly a factor --- technological innovations have played a major role. Modern turbines have vastly improved reliability and have significantly more megawatt output, and new designs on the drawing board will allow for more efficient use of materials and maximum wind capture.

Without the PTC, these advancements in technology will stall or be transferred overseas, and our nation will fall further behind other countries that invest in clean energy production. Long-term production plans for the introduction of new generation technologies are at risk.

Jobs are in jeopardy, too. Across the wind industry, layoffs have begun in some sectors. A recent Navigant study estimates that wind-supported jobs will drop by nearly half, from 78,000 in 2012 to 41,000 in 2013, purely due to that uncertainty, let alone a total absence of the PTC. Gamesa currently directly employs more than 900 skilled U.S. workers in a variety of disciplines, including engineering, manufacturing, assembly, logistics, construction, services and more.

The PTC sunset plays a major role in long-term investment decisions. Development decisions are being mapped out now, and the uncertainty of the PTC is affecting how companies like Gamesa and other alternative energy and wind energy companies do business. Wind developers have stalled projects beyond 2012, and commitments for equipment that would have been ordered for those projects have stopped. In part because of uncertainties surrounding the PTC, Gamesa recently froze development of its offshore wind turbine prototype planned off the coast of Virginia in the Chesapeake Bay.

As projects are delayed, the developing supply chain that has become so important for both the U.S. and export markets is in jeopardy of floundering. In fact, by the end of the second quarter of this year, Gamesa's supply chain will start to dwindle without orders, and the ripple effect throughout the economy will be significant.

The domestic content of our U.S.-made turbines is one of the highest in the industry. Over the last several years, Gamesa has purchased more than $1.3 billion of U.S.-sourced content and services for the manufacture of its wind turbines and the development of wind farms. Those investments spread across 45 states, including Pennsylvania, where we get the bulk of our resources.

Despite the dire situation, it is not too late to turn things around. The cycle time for wind projects is 12 months to 18 months. So, by passing the PTC extension now, we can still positively affect orders in 2013 --- and bring certainty to the industry and employees working in these sectors. But we must pass the PTC extension now.

The PTC has been instrumental in the rapid expansion of our nation's renewable energy sector, and it remains critical to ensure Gamesa can meet its goal to continue bringing down the cost of energy generated by wind. Its continuation is critical to ensuring the ongoing investment of billions of dollars in development and deployment, the creation of tens of thousands of jobs in manufacturing and the installation and use of clean, renewable, indigenous energy sources across America.

On behalf of Gamesa, I respectfully urge immediate legislative action to extend the PTC and reassure the investment community so that the wind industry can continue to thrive, attract large-scale manufacturing investment and create jobs both here in Pennsylvania and across the country.

Sincerely,

David Flitterman
Chairman
Gamesa Technology Corporation
1150 Northbrook Drive
Trevose, PA 19053
215-710-3100
www.gamesacorp.com

Statement of Gamesa Wind

Mr. Larry Banwart
Environment, Health and Safety Supervisor
Gamesa Wind

Home Address:
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Mount Vernon, Iowa 52314
Home Phone: (319) 895-8319
Work Phone: (267) 294-9007

lbanwart@gamesacorp.com

Title of Hearing: Hearing on Certain Expiring Tax Provisions

On behalf of:

Myself (Iowan)
My employer: Gamesa Wind
AWEA

Iowa produced a higher percentage of its electrical power than any other state. Iowa is exporting electrical energy and has the capacity to produce and export substantially more of its inexpensive, clean energy. Not only should we support the tax incentive for Wind Farm Development, but we should be investing in the infrastructure to send our abundant resource out of the state were it will be an inexpensive alternative to other electrical power.

SHERMAN
COUNTY

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P.O. Box 365
MORO, OREGON 97039

ESTABLISHED
FEBRUARY 25, 1889

GARY THOMPSON
JUDGE
565-3416

STEVE BURNET
COMMISSIONER
565-3416

MICHAEL SMITH
COMMISSIONER
565-3416

JENINE MCDERMID
CLERK
565-3606

RICHARD STRADLEY
ASSESSOR
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MARNENE BENSON-WOOD
TREASURER
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JUSTICE OF THE PEACE
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BRAD LOHREY
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MARK COLES
ROAD MASTER
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Judge Gary Thompson
Sherman County
P.O. Box 365
Moro, OR 97039
541-565-3416
gthompson@co.sherman.or.us

Re: Hearing on Certain Expiring Tax Provisions

To the House Ways and Means Committee:

All throughout Eastern and rural Oregon communities, families, friends and neighbors are suffering. Jobs are scarce, costs for everything from food to energy are high, and several county and city governments are facing crippling deficits and unimaginably difficult decisions about what vital services they have to cut.

In Sherman County we have been able to weather these tough economic storms by harnessing the wind. We built our first wind farm in 2002 and Sherman County wind development projects now have more than 1,000 megawatts of wind turbine capacity. Taxes, fees and assessments on those wind projects have brought in approximately $21 million to Sherman County over the past nine years. That money has helped fund essential public services, paid for additional sheriff deputies, built a library and allowed us to put money in the pockets of Sherman County citizens during challenging economic times. Wind development has played a very important role in our economic survival and that of other Oregon counties that have embraced development of renewable energy. This is a rare growth industry for our part of the state and I truly believe that renewable energy development, wind in particular, can save rural Oregon.

Strategic government policies have been critical in promoting wind development in rural Oregon. At the state level, the Renewable Portfolio Standard ensures our state utilities will generate a certain amount of their energy from local, renewable sources. This has prompted investment in wind and brought jobs and economic development to places like Sherman County.

At the federal level, the wind Production Tax Credit has helped bring wind development projects and jobs to rural Oregon. Now Congress is considering letting the Production Tax Credit expire, which would result in a significant loss of economic development and jobs for Sherman County and the rest of rural Oregon.

The wind Production Tax Credit is a smart federal investment which helps private companies develop local energy resources and create jobs at home. It rewards only successful performance and has become a multiplier for private sector growth. In each of the past three years, the wind industry has made between $10-20 billion of capital investment in the United States. Without this critical pro-development tax policy, additional investment will disappear.

Sherman County and all of rural Oregon will be hurt if Congress allows the Production Tax Credit to expire but my concern extends beyond Oregon. There are more than 400 manufacturing plants and 75,000 wind-related jobs in the United States today. Those jobs are at risk. Already, due to the uncertainty around the future of the credit, leading wind project developers and manufacturers are slowing their plans for 2013 and beyond. Some developers have no projects scheduled for 2013. When the tax credit expired in the past, installations have dropped by as much as 93 percent, with corresponding job losses.

Without the Production Tax Credit, jobs, manufacturing, energy development and funding streams for rural Oregon all will suffer. Renewable energy development has been a life line for Sherman County and is very important to the revitalization of all of rural Oregon. The time to act is now. Due to the lead time required for orders to manufacture and assemble infrastructure elements, the industry will suffer major setbacks in production timelines if the wind Production Tax Credit is not extended in the next few weeks. We cannot afford to wait any longer. Congress must extend the wind Production Tax Credit to advance America's independent energy future and keep rural Oregon moving forward.

Thank you for your time.

Sincerely,

Gary Thompson

Gary Thompson
Sherman County Judge

Statement of Gary Wyman

Gary Wyman
7179 North Holmes Place
Painesville, OH 44077
440-352-9380
gfw999@roadrunner.com
April 24, 2012

Hearing on Certain Expiring Tax Provisions

I, Gary Wyman, Retired in Painesville, OH respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible. We need to encourage the domestic production of alternate sources of energy. Doing so will not only promote job growth but help to move us away from foreign energy dependence. The latter is not only an economic necessity, but a national security one as well. Citing budgetary reasons for not extending this credit is not a valid argument. Reducing the deficit, as evidenced by the Simpson Bowles Comission recomendations can only be tackled by increasing revenues and cutting entitlements (Medicare, Medicaid, Social Security and Defense).

Thankyou

Statement Submitted for the Record of the Hearing on Hearing on Certain Expiring Tax Provisions, April 26, 2012, by the Subcommittee on Select Revenue Measures of the Committee on Ways and Means

Statement submitted by and on behalf of Karl Gawell, Executive Director, Geothermal Energy Association, 209 Pennsylvania Ave SE, Washington, D.C. 20003, 202-454-5261, karl@geo-energy.org

Statement of the Geothermal Energy Association

Mr. Chairmen, Members of the Subcommittee, on behalf of the Geothermal Energy Association, which has over 100 US company members across the United States, I submit this statement for the record of your hearing. We thank the Subcommittee for considering our statement as part of its deliberations on Certain Expiring Tax Provisions.

While it is not always recognized in the debate, the effective date upon which a tax incentive expires is often determined by factors other than the specific month, day and year stipulated in a law. Such is the case for the renewable energy production tax credit as it applies to geothermal, and for that matter other base load renewable power technologies.

For biomass, hydropower, and geothermal energy the current law provides for a production tax credit for any facility placed in service by December, 31, 2013. While that is more than a year away, because of the long lead times required to permit and build a geothermal power plant, the industry is already facing its tax incentive cliff. In recent years, geothermal projects are taking 4 to 8 years from initial exploration to initial power production, perhaps half of which is due to governmental review and processing! We understand other base load power technologies have similar or even longer lead times.[i] So, with their tax deadline a little over a year away, it should not be surprising that leaders from these three industries point out a recent letter to congressional leaders that their tax credit "expiration in 2013 is already leading to a decline in new projects and construction."

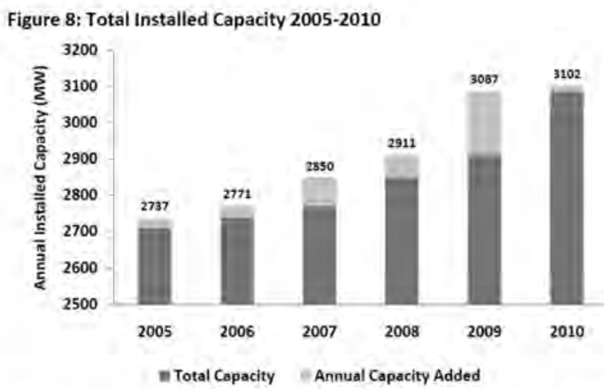
The text of the joint letter from the Geothermal Energy Association, Biomass Power Association and the National Hydropower Association is appended at the end of this statement. All three of these technologies were added to the list of eligible technologies for the Section 45 Production Tax Credit by the Energy Policy Act of 2005. All three of these technologies can provide unique and important base load or flexible power to the grid and their development is critically important for future grid reliability.

GEA asks that the Subcommittee recognize the unique nature, and value, of base load renewable power resources as it deliberates whether and when to extend expiring tax provisions, in particular the placed in service date for these technologies under the Section 45 Production Tax Credit. Due to their long lead times, they are already facing the impacts of expiration, and supporting their continued growth through an extension of their tax incentives brings important values to the nation and its power system.

Geothermal and the PTC

The extension of the renewable energy production tax credit (PTC) to geothermal energy in the Energy Policy Act of 2005 has been a principal factor in the recent growth of geothermal energy. Prior to this change the PTC was available only to wind and closed-loop biomass power projects and geothermal energy was disadvantaged in renewable power bidding opportunities. Since 2005, geothermal power has seen steady growth in the United States, as the figure below shows.

Growth in US Geothermal Capacity On-Line[ii]



Today, new geothermal power projects continue to be placed in service, and we expect that a significant number of new projects will be completed before the December 31, 2013 PTC deadline.

However this deadline presents a serious obstacle to geothermal energy growth. According to our analysis, geothermal power projects in the US typically require between four and eight years to complete. The time period from initial discovery and exploration to bringing power on-line therefore takes longer than the current tax window allows. Once projects now in later stages of development are completed, there are indications that we will see only limited if any new development as a result of the uncertainty surrounding geothermal tax incentives.[iii]

We respectfully urge that geothermal tax credits be extended to provide continued support for new project development and the deployment of new geothermal energy technology. Our nation has among the world's most promising geothermal energy resources, but without the support of long-term tax incentives, we will not see the investment necessary to develop this invaluable domestic source of base load renewable energy.

Geothermal's Future Potential is tied to a Growing Market

It is worth noting that the US Department of Energy has recently approved important research projects in geothermal energy, which are the first significant investments in new geothermal technology by DOE in decades.[iv] A growing market for geothermal energy is important to realizing the full benefits of this investment and extension of the geothermal PTC is essential to growing the U.S. demand for geothermal energy.

The health of the US geothermal industry and its domestic market is also important to the role of US geothermal firms internationally. There is a strong and growing world market for geothermal energy, and US firms are among the leaders in these markets. According to the Department of Commerce, geothermal is one of only two renewable technology areas where US firms are exporting more than the US market is importing, and the benefits of sustaining that leadership are obvious.

Extending the deadlines under the current law would help provide the incentive needed by investors looking at new geothermal power projects. Today, there are projects under development in some 15 states, as shown below, and we hope that advances in technology will support expansion to many more states in the future.

States with Geothermal Projects Under Development in 2011[v]

Benefits of Geothermal Market Growth

The investment of billions of dollars in new geothermal power projects will help the economy and create jobs. To give some perspective, let's look at one new project under development in California. CalEnergy, a subsidiary of Mid-American Energy, has three 65 megawatt geothermal projects permitted and under development in Southern California.[vi] These three projects will represent about $900 million in new investment in a county with one of the highest unemployment rates in the state -- over 30%. During the roughly four years of construction, CalEnergy will employ a monthly average of 323 workers. When completed, the project will employ 57 full-time employees (operations, engineering, maintenance, administration). For comparison, MidAmerican notes that a 300MW natural gas plant in operation will employ about 18 people.

Tax incentives for new geothermal investment will not only mean economic stimulus and job creation, but will produce highly reliable base load power. Geothermal power plants operate 24 hours a day, 7 days a week, 365 days a year, regardless of whether the wind blows or the sun shines. They provide much needed reliability to the power grid, an attribute which utilities value and an important reason why they find geothermal power attractive when it is available.

With continued progress in exploration, technology development, and market growth there are substantial new geothermal resources which could be made available. Geothermal resources in the US remain largely untapped, because of the high risk of finding and proving geothermal resources. Recently a meeting of leading researchers and exploration experts called for a national exploration initiative by identifying specific prospects for an additional 50,000 MW of geothermal power, which could be tapped to establish a Strategic Geothermal Reserve.[vii] With continued incentives for investment in new power projects we will capitalize on new technologies which could make significant new geothermal energy production a reality in the US and sustain US leadership in the world geothermal market.

Thank you for considering our views on energy tax policy.

Text of Letter Dated February 8, 2012[viii]*:*

Dear Leader Reid, Leader McConnell, Speaker Boehner, Leader Pelosi, Chairman Baucus, Ranking Member Hatch, Chairman Camp, Ranking Member Levin, Congressman Reichert, and Congressman Blumenauer:

For most renewable electricity technologies in the United States, the tax incentives put in place over the last decade provided the first significant federal support in decades. By any measure, those policies have been tremendously successful in spurring construction of new projects and the deployment of new technologies, expanding the supply of affordable, clean electricity to the grid, supporting significant local economic opportunities, and creating tens of thousands of U.S. jobs in regions of the country not usually associated with renewable energy.

As the President rightly pointed out in his State of the Union address, clean energy tax incentives create jobs and a market for innovation. The production tax credit for hydropower, geothermal and biomass is no exception. Its looming expiration in 2013 is already leading to a decline in new projects and construction. Failing to extend these tax incentives will effectively bring these projects to a grinding halt and undermine the progress our industries have made in recent years.

Utility-scale hydropower, geothermal and biomass projects starting today would find it nearly impossible to be completed by the end of 2013. Recent examination of new geothermal projects finds lead times of four to eight years. Hydropower has a similar multi-year licensing schedule, followed by the construction timeline. For biomass, a recently completed 100 MW facility in Texas took more than five years before even breaking ground.

The tax incentives in place since the mid-2000s have helped usher in a renaissance in our industries. Like the federal tax incentives, the Department of Energy's investment in new technology represents the first significant federal support for new geothermal and hydropower technology in decades. We believe the investment will pay off, but sustaining the momentum to build new projects is critical.

As Congress considers extending certain key incentives this year, it will have a remarkable opportunity to protect recent growth in the geothermal, hydropower and biomass sectors as well as build upon the successes of those policies. That is why it is critical that Congress, at a minimum, extend the renewable energy production tax credits through 2016 for the full range of renewable energy technologies, including hydropower, geothermal, and biomass – all of which have much longer deployment lead times compared to other renewable energy technologies.

The benefits of our technologies are clear. All can provide high quality electric power with base load reliability as well as flexible output to complement other technologies. All have large untapped resource bases across the rural economies of the nation, and their continued growth could provide tens of thousands of affordable, clean megawatts to America's electric grid while creating domestic jobs and driving local economic activity.

Currently, the investment tax credit for solar is the only renewable electricity tax incentive effective through 2016. Congress extended this credit in explicit recognition of the importance of stable and predictable tax policies. The duration of this effective program should be a model for enhancing the effectiveness of the federal tax incentives for the rest of the renewable electricity technologies.

The policies signed into law over the last decade sought to expand federal support and incentives to a wide range of technologies, and to provide longer-term incentives that support industry growth and new technology deployment. And they have been successful in creating momentum for new construction, new capacity and new jobs in America's renewable energy industry. Those policies and the investments and jobs that they help create need to be kept in place so they can continue to work for America's economy.

Signed,

Linda Church Ciocci, Executive Director, National Hydropower Association
Bob Cleaves, President Biomass Power Association
Karl Gawell, Executive Director, Geothermal Energy Association

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[i] Current geothermal project lead times based upon GEA review of projects coming on line since 2005. Lead times of other technologies based upon personal communications with their association leadership.

[ii] Annual U.S. Geothermal Power Production and Development Report
April 2011, Dan Jennejohn, Geothermal Energy Association, available at: http://geo-energy.org/reports.aspx

[iii] GEA has underway research examining obstacles to power plant development, and an assessment of the current project lead-time. That project examined the time-frame for new projects coming on-line since 2005 and found that the range of lead times was four to eight years. Dan Jennejohn, Geothermal Energy Association research analyst.

[iv] While Congress has recognized the need for research support in a range of geothermal technologies areas by passing the 2007 Enhanced Geothermal Energy Research and Development Act on a strong bi-partisan basis, until

recently the Department of Energy has provided scant funding for geothermal technology. Starting with ARRA 2009, DOE has announced just over $360 million in competitively awarded research contracts for geothermal technology, which have also attracted an additional $300 million in recipient cost-share, bringing the total investment to over $660 million. This represents a more balanced investment in DOEs research priorities.

[v] Annual U.S. Geothermal Power Production and Development Report
April 2011, Dan Jennejohn, Geothermal Energy Association, available at: http://geo-energy.org/reports.aspx

[vi] From presentation of Jonathan Weisgall, Vice President, MidAmerican Energy, to Session C-4, RETECH 2011, September 22, 2011. To be available from http://www.retech2011.com/

[vii] See Report of Workshop on Exploration and Assessment of Geothermal Resources, prepared by the University of Nevada Reno Great Basin Center for Geothermal Energy, available at: http://geo-energy.org/reports.aspx

[viii] Text copied from letter distributed to House and Senate leadership as noted on February 8, 2012.

Statement of Gerald K. Flakas

I, Gerald K. Flakas of 293 Fieldstone Road, Delafield, Wisconsin, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I believe Congress has the responsibility, as prescribed by the Preamble of the Constitution of the United States of America, to "promote the general Welfare" of We the People. Part of this responsibility is to ensure that we have a modern, up-to-date infrastructure for the production of energy from clean renewable sources. Wind energy is such a source, and the PTC is an effective means for doing this.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my community bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for community schools and hospitals over the lifetime of the projects. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away, and for Congress to act quickly to pass it.

Sincerely,

Gerald K. Flakas

293 Fieldstone Road, Delafield, WI 53018

GERONIMO
WIND ENERGY

May 9, 2012

Title of Hearing: Hearing on Certain Expiring Tax Provisions

We at Geronimo Wind Energy, a utility-scale wind energy developer based in Edina, MN, understand that you had a Ways and Means Subcommittee Hearing on Certain Expiring Tax Provisions on April 26th, and we expect that you will be hearing from your colleagues and constituents about the issue of the wind energy production tax credit (PTC). As your constituents, we urge you to support the PTC extension. The PTC extension is important to our company because it helps wind projects compete today with other forms of electrical generation, which also benefit greatly from incentives. For example, fossil fuel-based generation has benefitted and continues to benefit from direct and indirect incentives, including permanent tax provisions and other economic advantages, like the use of Master Limited Partnerships (MLPs), which wind energy does not have access to.

Use our Prairie Rose Wind Farm as a good example of the positive effects of the PTC. We have kept the majority of our 25 employees at Geronimo diligently working to develop the project over the past three years, not to mention dozens of consultants, lawyers and other advisers to get the project to where it is today. We are now building the project in southwest Minnesota and will employ hundreds of construction workers while we do, ultimately yielding a $300+ million capital investment in rural America, utilizing GE wind turbines that were built here in the US by American manufacturing workers. After the project goes into operation, we will employ dozens of people operating and maintaining the plant, not to mention others administering the project remotely. Further, the local economy will be bolstered by the millions of dollars that will return to the host community in the form of landowner payments and local taxes every year. Finally, the purchasers of the power will receive a stable, low-cost energy resource for 20 years by way of the contract we executed with Xcel Energy in which they said to the Minnesota Public Utilities Commission "consistently provides lower cost energy to our system than the anticipated cost of the natural gas generation."

Geronimo currently has a development pipeline of almost three thousand megawatts that, if fully developed, would provide billions of dollars of capital investment in rural America and hundreds of millions in lease payments to local landowners and taxes to local governments over the life of the projects. In the past, allowing the PTC to expire has caused wind development to drop up to 90%. As you can see from the above numbers, this doesn't just affect the wind industry; it doesn't just affect the landowners, local governments where development should be happening; it effects manufacturers, truck drivers, professionals and ultimately rate payers who benefit from low cost electricity generation that is not subject to violent swings from changes in fuel costs or detriment to our natural environment.

We urge you to pass an extension of the Production Tax Credit (PTC) for wind energy.

Sincerely,

Blake Nixon
President
Geronimo Wind Energy
blake@geronimowind.com

Statement of Gilford Wind Watch

Nancy Taylor

Gilford Wind Watch

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Reese, MI 48757

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Hearing on Certain Expiring Tax Provisions

To Whom It May Concern:

This is our nightmare; a sequential account of how our small community will be forever changed. We feel our Township officials illegally approved two Special Use Permits to construct sixty-eight 40+ story industrial wind turbines in our township. To the best of our knowledge a group of land owners actively sought out wind companies some time beginning in 2008, possibly earlier. Residents were unaware that anything was taking place until we received the Public Hearing notice fifteen days before the Planning Commission voted to approve the first sixty-three wind turbines on December 12, 2011. Prior to this, a new zoning ordinance had been written and leases had been signed. Had we known about the project at its inception we would have been better informed and better prepared to defend our position at the Public Hearing. We believe we were intentionally kept in the dark while land owners *secretly* signed leases starting sometime in 2009. How can you plan something that is supposed to impact a person's life and not talk to that person? Big Wind railroaded our naïve township officials, promoting tax revenue and economic growth, without thoroughly explaining the many implications a project of this magnitude would have on all residents in our small agricultural community.

The following is a specific list of irregularities we found that did not comply with our Township Zoning Ordinance.

We believe that the Special use permit was not complete at the time of the vote on December 12, 2011. Chapter 7.2.a of our Zoning Ordinance states:

1) *CONTENTS. The application package consists of a Special Use Permit* ***Application form completed in full by the applicant****, accompanied by a fee as established by the Township Board.*

2) *APPLICATION DEADLINE. The* ***complete application package*** *must be submitted to the Zoning Administrator* ***at least thirty (30) days before the Planning Commission meeting at which it will be considered.***

The Special Use Permit application was not dated. We found that a revision was made to the application on November 14, 2011; the Public Hearing was on December 12, 2011; this was less than 30 days from the application date. The application lacked the insurance requirement. It did not accurately state the boundaries of the project; the boundary map included all leased parcels, when only those with turbines or turbine components necessary to this particular project should have been shown. The necessary environmental permits were not secured at the time of the public hearing, and we still aren't sure whether they have been approved and submitted. Residents were not treated fairly at the hearing. The township hall could not accommodate the number of people wanting to attend; many could not even get into the building. Several residents requested that the meeting be rescheduled at a larger venue, but their requests were ignored. ***Chapter 7.2.4 of the Zoning Ordinance says: The public shall be given the opportunity for input on both the rezoning and Special Use decisions.***

This Special Use is inconsistent with "maintaining protection of the health, safety, comfort convenience and general welfare of neighbors and the community at large***. Chapter 7.1 of the Zoning Ordinance states: The purpose of designating special uses is to allow practical latitude for a property owner or developer to use a parcel of land while maintaining protection of the health, safety, comfort, convenience and general welfare of neighbors and the community at large.***

On November 30, 2011, two Planning Commission members, both whom we believe were key players in soliciting Big Wind in our township, and who signed leases, resigned from the Planning Commission. We believe this was a calculated move on their part so it would not appear they had a conflict of interest, even though they were present, from the beginning, for all the planning and discussion leading up to the Public Hearing. Two new members were then appointed, leaving only 12 days for them to become informed and vote on the Special Use Permit. When residents spoke to both following the hearing they admitted they had no idea of the scope or implications of what they were voting on, they were merely instructed to vote yes if the application met the criteria of the zoning ordinance, (which it did not). In addition, there was a township trustee that remained on the Planning Commission, even though he had signed multiple leases. He was present for all planning and discussion, but recused himself from voting at the last minute. **Chapter 10.4.e of the Zoning Ordinance states:**

CONFLICT OF INTEREST. A member of the Zoning Board of Appeals shall disqualify himself or herself from discussion and voting in which the member has a conflict of interest. Failure of a member to disqualify himself or herself from a vote in which the member has a conflict of interest shall constitute misconduct in office.

Chapter 10.7.1.3 states: Will not cause a substantial adverse effect upon property values in the immediate vicinity or in the district in which the property of the applicant is located. Our property values will be affected if our community becomes an industrial wind park. A township resident and real estate appraiser has reported that property owners could suffer as much a 40% loss in the value of their homes if they are surrounded by industrial wind turbines.

An application to construction 8 industrial turbines in a neighboring Township, to the west of us, was not approved, so Big Wind was back at our door again wanting to build them in our Township. Again they submitted an application with no date on it. The same errors that occurred the first time around were repeated with the new Special Use Permit Application. We found a copy of the application that was at our township hall that *did* have March 8, 2012 as the date on it. A notice was sent to residents that a hearing would take place on March 27, 2012, and again it did not meet the 30 day review requirement stated in the zoning ordinance. This was brought to the attention of the township supervisor; he acknowledged the error, and the date of the public hearing was rescheduled to April 17, 2012. This was the first attempt by the township to actually follow our zoning ordinance. The same irregularities that did not comply with the zoning ordinance the first time around were repeated again with the new Special Use Permit Application.

At the Public Hearing on April 17, 2012 the majority of residents spoke against the additional turbines being constructed. There were union workers, from other parts of MI, that attended the hearing as well. They monopolized the public comment part of the hearing, and again, all residents did not have a chance to speak. These outsiders (**not** Gilford Township residents) also tried to **intimidate**, argue with, and pick fights with residents. Residents were confronted in the restrooms, and were afraid to leave the auditorium.

Residents were suspicious of the all the texting that Big Wind representatives, the Engineering Firm representatives and one of our Planning Commission members were doing during the hearing. We also believe a note was passed from a Big Wind attorney to our Planning Commission before the vote was taken.

The Planning Commission again voted in favor of the additional turbines, with the chairman abstaining and resigning when it came to casting his vote. Because of conflict of interest, another member also abstained, and the remaining three members decided our fate. Our Zoning ordinance states in ***Chapter 9.1.b: The Planning Commission shall be composed of seven (7) members, comprised of***

a) One member of the Township Board selected by the Township Supervisor as an ex officio member, and

b) Six residents of the Township, representing, insofar as possible, different professions or occupations, who shall be appointed by the Township Supervisor, subject to the approval of a majority of the members elected to the Board.

Twenty-seven appeals were filed within one week of the hearing, and the same reply was received by all:
This is to advise you that the Township Zoning Ordinance does not vest the Zoning Board of Appeals with jurisdiction to review the Planning Commission decisions to grant special use permits. The Zoning Board of Appeals has the authority to review decisions of the Zoning Administrator or a body concerning enforcement, of the zoning ordinance. This authority does not include the review of Planning Commission decisions regarding special use permits.

Therefore, Gilford Township will not convene a meeting of the Zoning Board of Appeals to act on your appeal, since it lacks jurisdiction to review the decision of the Planning Commission to grant this Special Use Permit.

I spoke to the Township Supervisor and was told the same thing, that our Zoning Ordinance does not provide an appeal process for a Special Use Permit even though ***Chapter 10.5 states: METHOD FOR APPEAL. Any appeal from a ruling of the Zoning Administrator or body concerning the enforcement of the provisions of this Ordinance shall be made to the Board of Appeals within 10 days after the fate of the Zoning Administrator's decision which is the basis of the appeal.***

WHO MAY APPEAL. Appeals to the Board may be taken by any person aggrieved, or by any officer, department, or board of the Township. Any party may appear in person or by agent or by attorney at a hearing considering his request or appeal. Don't we have a Constitutional right to review?

Our Zoning Ordinance states: ***Chapter 8.c.1: APPLICATION DEADLINES. If a zoning application requires a Site Plan Review by the Planning Commission, a complete application package must be received at least thirty (30) days before the date of a Planning Commission meeting in order to be reviewed at said meeting. If a Site Plan Review is being conducted for a Special Use Permit or subdivision plat, the application timetable specified for that process applies.*** A Site Plan review was scheduled and conducted seven days following the Public Hearing.

Our group has consulted with and hired numerous lawyers, some experts on wind energy, but we have very little hope of anything being decided in our favor. Apparently following your own Zoning Ordinance is not an option when it comes to BIG WIND. Our township meetings were a charade, a mockery of public participation. We knew that it had already been decided before we walked in the door. Once these sixty-eight massive 40 story turbines are constructed we will have no other option but to abandon our homes. This same scenario is repeated over and over in communities all over the United States. When will common sense and scrutiny prevail? If wind power made sense, why would it need a government subsidy in the first place? It's a bubble which bursts as soon as the government subsidies end. It enriches a few at the expense of many. **Please end all government incentives to wind energy.**

Sincerely,

Nancy Taylor

Statement of Giovanni Milanese

I, Giovanni Milanese, a Commercial Leader in Schenectady, NY, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The long project development and manufacturing lead times for wind energy projects mean that the PTC has already effectively expired. Right now, wind project developers are not making plans in the U.S. and American manufacturers are not receiving orders. The wind industry is facing the recurrence of the boom-bust cycle it has seen in previous years when the PTC was allowed to expire. In the years following expiration, installations dropped between 73 and 93%, with corresponding job losses. I don't want this to happen again.

Equipped with the PTC, the wind energy industry has contributed impressively to U.S. economic development. The PTC has been instrumental in helping the wind industry to:

- Lower the cost of wind power by more than 90%
- Manufacture components for wind turbines at over 400 U.S. manufacturing facilities
- Power the equivalent of 10 million American homes
- Provide 35% of all new U.S. power capacity in the past four years

I urge the committee to take up an extension of the wind energy production tax credit right away. In doing so, you will give the wind industry the certainty that it needs to continue to grow its American manufacturing base and invest in clean, affordable, homegrown wind power.

Thank you for your consideration.

Respectfully,

Giovanni Milanese

Statement of Glen Bridges

To:
Ways and Means Committee May 4, 2012

Re: **Hearing on Certain expiring Tax Provisions**

My name is Glen Bridges, and I live in a small, rural Maine town. Since 2008 we have been the proud supporters of just three 1.5 MW wind turbines. Every day these majestic machines churn out enough clean electricity to power 2000 homes. And every year they pay about $150,000 in property taxes.

During construction the developers poured millions of dollars into the local economy to truckers, road builders, construction companies, engineers, etc., and now provide employment for a number of people for maintenance, snow plowing, management, and mechanical engineering.

This industry has poured over a billion dollars into the Maine economy in recent years, providing the only bright spot for future industry and future jobs in Maine, not to mention the benefit to our environment, and the avoidance of fossil fuel use.

The vision in Maine is to have turbines manufactured here, and to export and to be installed here. A deep-water offshore wind project is planned for the future. So far we only have about 200 turbines installed; with a vast area of nearly 31,000 sq. miles, we have room for thousands of turbines.

Nationwide, wind development is in its infancy. This ingenious passive use of wind as a cost-free fuel will never be subject to the whims of the Middle East. As you no doubt know, the USA is far behind Europe and China in developing wind power. It is shameful that we are not the world leaders.

I believe that the wind industry needs the boost of the PTC, as long and until wind power is supplying enough power to shut down all of the polluting coal plants. How long has the oil industry been benefiting from tax incentives/credits? Shouldn't clean, efficient energy be given the same "leg up" and for the same number of years?

We cannot afford NOT to do this. I urge your committee to take up the extension of the wind energy production tax credit as soon as possible, and vote to recommend extension. We cannot keep going backwards in our attitude toward energy, and our concerns should be for a cleaner environment, not for the obscene profits of Exxon Oil et al.

Thank you for your consideration

Glen S. Bridges
PO Box 156, Freedom, Maine 04941
Phone #207-382-6221 or email Bothbridges@fairpoint.net

Statement of Global Energy Investors, LLC

I, David Richardson, Managing Partner for Global Energy Investors, LLC of Concord, MA respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

From my perspective, it is categorically unfair for the Federal Government to support the fossil fuels, including oil, gas, coal production, and not similarly support the fuel sources of our future.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farms in the Northeast revitalize the community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away. Thank you for your consideration.

Sincerely,

David W. Richardson, CFA
Managing Partner
Global Energy Investors, LLC
Concord, MA 01742
802-343-1400
david@globalenergyinvestors.com

GOVERNORS' COALITION

• **Minnesota** Gov. Mark Dayton, Chair • **Iowa** Gov. Terry Branstad, Vice Chair • **Kansas** Gov. Sam Brownback, Past Chair

Alabama Gov. Robert Bentley	**Illinois** Gov. Pat Quinn	**Mississippi** Gov. Phil Bryant	**North Carolina** Gov. Bev Perdue	**South Dakota** Gov. Dennis Daugaard
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Hawaii Gov. Neil Abercrombie	**Maryland** Gov. Martin	**New Mexico** Gov. Susana Martinez	**Oregon** Gov. John Kitzhaber	**Wisconsin** Scott Walker
Idaho Gov. Butch Otter	**Michigan** Gov. Rick Snyder	**New York** Gov. Andrew Cuomo	**South Carolina** Gov. Nikki Haley	**Wyoming** Gov. Matt Mead

• International alliances with Brazil, Canada, Mexico, Queensland, Australia, Sweden and Thailand •

April 18, 2012

Honorable Dave Camp
Chairman
Committee on Ways and Means
Longworth HOB 1102
U.S. House of Representatives
Washington, DC 20515

The Honorable Max Baucus
Chairman
Committee on Finance
Dirksen SOB 219
U.S. Senate
Washington, DC 20510

The Honorable Sander M. Levin
Ranking Member
Committee on Ways and Means
Longworth HOB 1106
U.S. House of Representatives
Washington, DC 20515

The Honorable Orrin G. Hatch
Ranking Member
Committee on Finance
Dirksen SOB 219
U.S. Senate
Washington, DC 20510

Dear Chairman Camp, Chairman Baucus, Representative Levin, and Senator Hatch:

On behalf of the Governors' Biofuels Coalition, we are writing to express our support for the inclusion of E85 as an alternative fuel for purposes of the alternative fuels tax credit and to urge the extension of this important provision. Under the *Energy Policy Act of 1992*, E85 is an alternative fuel for federal energy policy purposes. However, Congress originally wrote E85 out of the alternative fuels credit in order to avoid a double tax benefit under both the ethanol tax credit and the alternative fuels tax credit. Now that Congress has ended the ethanol credit, E85 could continue to benefit from the alternative fuels incentive.

The Governors' Biofuels Coalition is made up of 33 member states that produce approximately 95 percent of the ethanol produced in the U.S. We seek to increase the use of ethanol and other biofuels, decrease America's dependence on imported energy resources, improve the environment, diversify our nation's energy portfolio and stimulate the national economy. In the most recent data from 2010, the ethanol industry:

- Displaced 445 million barrels of oil.[1]
- Contributed to reductions in emissions of ozone forming pollutants, carbon monoxide and air toxins like benzene and 1,3 butadiene.[2]

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[1] "Contribution of the Ethanol Industry to the Economy of the United States" by John M. Urbanchuk, February 2011

[2] "Effect of E85 on Tailpipe Emission from Light-Duty Vehicles," Journal of the Air & Waste Management Association, February 2009

- Employed over 400,000 Americans, including over 70,000 jobs were directly involved in the ethanol production process and the delivery of goods and services to ethanol producers.[3]
- Added $36 billion to American household income and contributed $53.6 billion to the Gross Domestic Product (GDP).[4]

There are over 9 million E85-compatible flex fuel vehicles on the road today and approximately 2,500 retail stations that have invested millions of dollars in the infrastructure to sell E85. E85 is currently a serious viable alternative to petroleum at the pump. Repealing the ethanol credit without addressing the E85 issue would have serious unintended consequences for thousands of small businesses, millions of flex fuel vehicle owners, and the nation's ability to achieve the volume requirements of the Renewable Fuel Standard established in the *Energy Policy Act of 2005*.

While ethanol as a fuel additive (E10) is not requesting a subsidy, ethanol as an alternative fuel (E85), in the short run, continues to need a tax incentive to establish its position in the marketplace, to encourage expanding the availability of stations providing alternative fuel options, and to allow the Renewable Fuel Standard to do its job, allowing E85 to become a self-sustainable alternative fuel. Without the credit, consumers will turn to standard gasoline options.

If E85 is not included in the alternative fuel tax credit, flex fuel vehicle drivers will pay as much as 38 cents more per gallon, significantly reducing the demand for the fuel. On the other hand, extending the credit with E85 would only cost the Treasury approximately 0.8% of the full, expired ethanol subsidy. We believe this small, short-term investment will make a significant difference in the success of petroleum fuel alternatives.

Thank you in advance for your support of the domestic biofuel industry. Thank you for your time and consideration.

Sincerely,

Mark Dayton, Chair
and Governor of Minnesota

Terry E. Branstad, Vice Chair
and Governor of Iowa

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[3] "Contribution of the Ethanol Industry to the Economy of the United States" by John M. Urbanchuk, February 2011

[4] "Contribution of the Ethanol Industry to the Economy of the United States" by John M. Urbanchuk, February 2011

Governors' Wind Energy Coalition

November 15, 2011

Honorable Harry Reid
Majority Leader
U.S. Senate
522 Hart Senate Office Building
Washington, D.C. 20510

Honorable John Boehner
Speaker of the House
U.S. House of Representatives
H-232, U.S. Capitol
Washington, DC 20515

Honorable Mitch McConnell
Republican Leader
361-A Russell Senate Office Building
Washington, D.C. 20510

Honorable Nancy Pelosi
Democratic Leader
235 Cannon House Office Building
Washington, DC 20515

Dear Senator Reid, Senator McConnell, Speaker Boehner, and Democratic Leader Pelosi:

As governors from diverse regions of the nation, we share an interest in the development of our states' wind energy resources and the associated manufacturing and infrastructure modernization benefits — an interest that will be severely damaged if the wind production tax credit expires.

Although the tax credit for wind energy has long enjoyed bipartisan support, it is scheduled to expire on December 31, 2012. Wind-related manufacturing is beginning to slow in our states because the credit has not yet been extended. If Congress pursues a last minute approach to the extension, the anticipated interruption of the credit's benefits will result in a significant loss of high-paying jobs in a growing sector of the economy. We strongly urge Congress to adopt a more consistent and longer-term federal tax policy to support wind energy development in the United States and to support recently introduced legislation such as the *American Renewable Energy Production Tax Credit Extension Act* (H.R. 3307).

The leading wind project developers and manufacturers are slowing their plans for 2013 and beyond due to the current uncertainty. Some developers have no projects scheduled for 2013, and are beginning to lay off employees. The ripple effect of this slow down means reduced orders for turbines and decreased business for the hundreds of manufacturers who have entered the wind industry in our states. If the tax credit is allowed to expire at the end of 2012, there will be negative impacts on the high-tech manufacturing jobs that the industry has brought to or created in our states.

The nation's wind industry is again facing the boom-bust cycle in large measure due to an inconsistent tax policy. Like the oil and gas industries — which enjoy substantial tax credits that have not expired in nearly 100 years — wind energy, a domestic source of energy, needs a predictable policy for sustained economic growth and innovation. When Congress allowed the tax credit to expire in 1999, 2001, and 2003, the development of new wind installations dropped significantly, between 73 percent and 93 percent, and thousands of jobs were lost. Providing renewable energy tax credits in order to provide consistency with conventional energy tax credits is the right policy to move the nation forward in an energy sector that offers global export opportunities and the ability to modernize a segment of our electric production infrastructure.

The United States has some of the best wind resources in the world, but our lack of long-term national policies hinders our ability to develop them fully. Extending the production tax credit this year, rather than delaying action, is critical to the stability and growth of wind manufacturing in our states. A multi-year extension of at least 4 years would encourage investment of new capital, help catalyze the export of wind energy technologies and related products, and support the goal of increasing domestic energy production. Without policy certainty, investors, developers, and manufacturers will move projects and jobs elsewhere.

We respectfully urge Congress promptly to pass a multi-year extension of the wind tax credit.

Sincerely,

Lincoln Chafee, Chairman
and Governor of Rhode Island

Terry Branstad, Vice Chairman
and Governor of Iowa

c:
Members, Energy and Natural Resources Committee
Members, Finance Committee
Members, House Ways and Means Committee
The Honorable Steven Chu, Secretary, U.S. Department of Energy
The Honorable Ken Salazar, Secretary, U.S. Department of the Interior

Statement of Great Lakes Wind Truth

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions

Comments Submitted for the Record

The undersigned residents and property owners of the State of New York respectfully submit these comments in response to the April 26, 2012 Hearing on Certain Expiring Tax Provisions. Our comments are limited to the Production Tax Credit (PTC) for wind energy.

Executive Summary: The PTC is often credited for most of the growth in the wind sector but attributing market activity to the subsidy is overly simplistic and fails to consider other crucial factors driving development. When evaluated against key economic and environment criteria, the cost of the subsidy has proven excessive and the benefits to American taxpayers minimal. If the PTC were to expire, the economics of the industry would shift to States with renewable mandates. Power markets will ultimately confront the real cost of wind energy, and price it accordingly. The overall impact on the industry would be far less severe than proponents claim[1].

Supporting Statements:

High Cost: Since adopted in 1992, the cost of the PTC for wind energy has ballooned from $5 million/year in 1998 to $1.5 billion annually today. The open-ended subsidy of 2.2¢/kWh in after-tax income represents a pre-tax value of approximately 3.7¢/kWh. In many regions of the country the PTC now equals, or is greater than, the wholesale price of power. Even if the PTC were to sunset, taxpayers are still obligated to cover nearly $10 billion in tax credits for wind projects built in the last decade. This is in addition to the $15 billion debt for wind projects eligible under Section 1603 (including anticipated 2012 grants).

Inefficient: Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind capacity exceeds transmission capacity and wind is curtailed[2]. In New England the PTC likely pays more subsidy than is necessary owing to aggressive State mandates. Utilities in New England routinely sign long-term power contracts for wind at prices significantly above market.

Other factors advancing wind development: The industry insists it's at risk of a slow-down without the PTC. This view ignores other crucial factors driving development including state mandates and natural gas prices. It is not possible given available data to identify the extent to which the PTC has contributed to growth in the sector[3]. In fact, demand for wind has eroded recently due, in part, to

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[1] Linowes et.al. 2012 Congressional Testimony http://science.house.gov/hearing/subcommittee-investigation-and-oversight-subcommittee-energy-and-environment-%E2%80%93-joint-hearing

[2] Wiser and Bolinger, 2010 *Wind Technologies Market Report*, (2011) vii http://eetd.lbl.gov/ea/ems/reports/lbnl-4820e.pdf

[3] Joint Committee on Taxation, *Present Law And Background Relating To Tax Credits For Electricity Production From Renewable Sources* (2005) 14 https://www.jct.gov/publications.html?func=startdown&id=1579

states meeting their renewable mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

Environmental benefits: Wind energy is an unpredictable, variable resource that cannot be relied on to serve load. Its primary benefit is in reducing U.S. electric carbon emissions. According the Navigant[8], a four year extension of the PTC could avoid an incremental 170 million tons of CO2. This "best case" estimate is not predicated on an actual working grid region, but if we accept Navigant's estimate the cost to taxpayers is at least $23/ton CO2[9], ten-times the $1.92/ton market price for offsets in the Northeastern states participating in RGGI! The PTC is a high-priced vehicle for very questionable reductions of CO2 emissions.

Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

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[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

[5] Wiser and Bolinger v - Note: No independent audits exist to confirm job counts. Since any new job in the electricity sector must contribute to increasing the cost of electricity, this creates economic de-stimulus.

[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12
http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012)
http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. Study assumes some wind built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than $23/ton.

[10] Joint Committee on Taxation 14

Supplemental Sheet

Submitted by: Thomas Marks/Great Lakes Wind Truth/7004 Waring Circle, Derby, New York 14047/tommarks@verizon.net/716-947-9350

Date submitted: May 10, 2012

Comments submitted on behalf of the following residents and property owners of the State of ______________________

Thomas Marks, Exec. Dir.
Great Lakes Wind Truth
7004 Waring Circle
Derby New York 14047

Tag Price
Ramona Beach,
Pulaski, NY

Rich Davenport
208 Walter Avenue
Tonawanda, NY 14150

Paul J Stoos
1845 Clinton Street
Buffalo, NY 14206

Joe Jemiolo
4898 Langford Rd
North Collins NY 14111

Daniel D. Decker
8648 North Main Street
Angola, New York

Charles Pohlman
West Seneca Printing Inc.
860 Center Road
West Seneca, NY 14224

Chuck Godfrey
29 Yvette Dr.
Cheektowaga, NY 14227-3415

Andrea Rebeck
4652 Oak Orchard Road
Albion , NY 14411-9509

Alan & Mary Isselhard
8135 North Huron Rd.
Wolcott, New York 14590 (town of Huron)
Great Lakes Concerned Citizens
Great Lakes Wind Truth
Coalition On Article X
Lake Ontario Riparian Alliance

John Hutchins
Hutch Enterprises Inc.
7510 Porter Road
Niagara Falls, NY 14304

Statement of Green Energy 911, LLC

I, Shari L Meisel, a business owner in Thornton, CO, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I was unemployed for 3 of 5 years and worked extremely hard to negotiated for Vestas Wind Systems, Nacelles' cable assembly contract on behalf of Walker Component Group, Denver, CO. We won that contract and for two years have been ramping manufacturing production with Vestas, NA out of Brighton, CO. We have hired new staff and have many opportunities not only with Vestas but now other Wind Energy (WE) turbine manufacturers and sub-contractors such as transformers.

My company, Green Energy 911, LLC, stands to grow as a supply chain resource to the WE industry in NA and globally, based right here in Colorado, but this opportunity to expand won't happen if the PTC is not extended and soon.

In fact the "cliff" of down turn in business and manufacturing is heading toward us rapidly. Within a few months Walker Component Group will have to begin layoffs because of the hesitation of purchasers of wind turbines in America. My company, GE911, will have to post-pone hiring.

Turbine manufacturing is a homegrown success story. America has been an emerging market in the WE global industry. Without the PTC we lose this growth. No matter who is in Washington, energy independence and diversification is a good thing for all Americans.

Please, I respectfully urge the committee to take up an extension of the wind energy production tax credit right away. Don't delay any longer. Protect the manufacturing work force in America. None of us want to be unemployed again.

Shari L. Meisel
Owner
Green Energy 911, LLC
Thornton, Colorado

Account & Project Manager, RE
Walker Cable Assembly Services
A division of Walker Component Group
www.walkercableassembly.com

Direct: 720.298.6231

Statement of Greenline Renewables, Inc.

Greenline Renewables Inc.
PO Box 379 - 200 Main St.
Touchet, WA 99360
(509) 394-2000 Office (509) 394-2978 Fax

April 24, 2012

*Greenline Renewables Inc., a leading wind project developer based in **Touchet, WA** urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.*

Greenline Renewables Inc. has been actively involved in the Wind Energy business since 1982. We also work in other Renewable Energy endeavors. Two years ago Greenline Renewables Inc. had 60 employees, we currently have 6 employees and are not sure at this time if we will be able to continue in the Renewable business without an energy Policy that will show some long term investments that will pay off for Greenline Renewables Inc. An extension of the PTC would be a good start to an Energy Policy this Administration lacks.

We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Kirman J. Broadbent
Vice President

Statement of GreenLink Employment Solutions Inc.

Chris DiGangi
Executive Vice President
GreenLink Employment Solutions
(A Division of Corporate Staffing Services)
150 Monument Road, Suite 510
Bala Cynwyd, PA 19004
P 610-771-1087
cdigangi@jobscss.com

May 10th, 2012

To The House Ways and Means Committee:

Concerning the Hearing on Certain Expiring Tax Provisions (PTC):

I respectfully urge Congress to extend the Production Tax credit as soon as possible!

There can be no denying that Wind Power is a win, win, win for the United States of America. Wind Power creates well paying long term jobs in the manufacturing, construction & logistics sectors. Wind Power creates clean energy domestically! Wind Power lessens our need for foreign oil. Wind Power is a key component to reducing carbon emissions which will not only help stave off global warming but it also reduces harmful pollutants that poison our air, water & citizens.

I run a Green Power staffing firm – most of my clients are in some way connected to Wind Power. The uncertainty of this PTC extension reluctance has been devastating to a great American Industry.

I realize that many members of Congress receive enormous funding from the fossil fuel industry but to deny this extension would shameful and un-American!!!

Sincerely,

Christopher DiGangi

growth energy™
America's Ethanol Supporters

777 North Capitol Street, NE, Suite 805, Washington, D.C. 20002
PHONE 202.545.4000 FAX 202.545.4001 GrowthEnergy.org

June 26, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
House Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Richard E. Neal
Ranking Member
Subcommittee on Select Revenue Measures
House Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Tiberi, and Ranking Member Neal:

Thank you for allowing us to submit a statement for the record to your hearing on expiring tax provisions. We appreciate the opportunity to comment.

Growth Energy is an association of the nation's leading ethanol producers and supporters. We represent 75 American biorefineries that produce over 4 billion gallons of ethanol annually. Overall, America's ethanol industry sustains $50 billion in economic activity, supporting more than 400,000 jobs in 29 states by creating nearly 14 billion gallons of American-made, renewable fuel in more than 200 plants across the country.

American ethanol stands ready to add even more jobs and economic activity with the right blend of tax and regulatory certainty. We ask that Ways and Means Committee support efforts to expand market access – like tax credits for Flex Fuel pumps and cellulosic ethanol – and oppose efforts that will limit market access, such as blocking the implementation of E15 and dismantling the Renewable Fuel Standard (RFS).

In particular, we seek tax policy that incentivizes consumer choice at the pump. Right now, the distribution of liquid transportation fuels is a captive market, controlled by the oil industry. Flex Fuel pumps give the consumer a true choice at the pump by allowing them to choose between more affordable, cleaner, American made ethanol, or costlier, dirtier, foreign oil.

We would ask the Committee to extend and modify the Alternative Fueling Infrastructure Tax Credit. This tax credit helps cover the cost of alternative fueling equipment, including Flex Fuel pumps. This important credit expired at the end of 2011, and we would ask for a multi-year extension to provide certainty for future investment. Further, we would ask the Committee to change the treatment of ethanol, giving Flex Fuel Pumps the same treatment as E85 pumps. This tax incentive does not go to the ethanol industry; rather, it goes to fuel retailers and helps them finance upgrades and changes to their filling stations to offer customers a choice at the pump.

Ethanol is not the only alternative fuel that qualifies for this credit. In essence, this credit is technology neutral. Other alternative fuels that qualify for this credit are those from natural gas, liquefied petroleum gas, hydrogen, electricity, E85, or diesel fuel blends containing a minimum of 20% biodiesel. The credit had covered up to 30% of the installation cost, not to exceed $30,000.

Second, we would ask the Committee to approve a long-term extension of the Cellulosic Ethanol Tax Credit. Extending the cellulosic credit will jump-start ethanol production from new feedstocks. This will give high-tech ethanol firms the business certainty needed to expand ethanol made from things like corn stover, switchgrass and municipal waste. The tax credit will further development of cellulosic ethanol and could create new jobs in every state in the country – even outside of the traditional corn-belt.

We are very much aware that in the current fiscal environment, tough choices may be required. We would note that Growth Energy was the first to voluntarily recommend an end to the Volumetric Ethanol Excise Tax Credit, or VEETC. This had been the most recognized energy tax policy affecting the ethanol industry expired at the end of last year and we are not seeking the VEETC's renewal.

In closing, we are seeking tax policy to give consumers a choice at the pump. Right now, ethanol is a more affordable motor fuel than regular gasoline, and with the ability to compete head to head, we feel ethanol will win. However, we lack access to consumers. Extending these tax incentives will allow the ethanol industry to compete on a level playing field, create in the market and offer the opportunity for good paying jobs in small communities and rural areas across the country.

Sincerely,

Tom Buis
CEO, Growth Energy

Jim Nussle
President and COO, Growth Energy

Title of Hearing: Hearing on Certain Expiring Tax Provisions

I, Steffen Kosir, CEO of Hailo, LLC in Elberton, Georgia, respectfully urge Congress to extend the wind energy production tax credit as quickly as possible.

Hailo LLC., is a manufacturer of mechanical tower components used in the wind energy industry. Our product assortment includes platforms, brackets, guard rails and ladder systems, as well as safety equipment including service lifts and fall arrest systems. Hailo LLC has recently relocated from New York to Georgia due to the continuous growth in this industry. Our strategy is to continue to grow the company with the high demand for wind energy products and create approximately 200 jobs here in Elberton, GA within the next five years. We can only do this in the event that the PTC gets extended. We urge politicians to support wind energy and the resulting contribution Hailo can offer as a significant labor force in this community, as well as support expansion for the increasing demand of wind energy. Hailo believes in US manufacturing and is fully committed to our role in providing products the growing US market demands to meet their wind energy needs.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Best Regards,

Steffen Kosir
CEO

Hailo LLC, 1395 Mineral Springs Road, Elberton Industrial Park, Elberton, GA, USA 30635
Phone: 706.283.4500, Facsimile: 706.283.4600, www.hailo.us

Submitted Testimony of the Harvest the Wind Network
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
May 10, 2012

Organization: Harvest the Wind Network (HTWN)

Name: Miranda Ellis, Director of Finance, Harvest the Wind Network

Address: 15477 US 54 Hwy Greensburg, KS 67054

Phone: 620-723-3570

Contact: Miranda Ellis, Director of Finance, Harvest the Wind Network
miranda.ellis@harvestthewindnetwork.com

I am Miranda Ellis, the Director of Finance of Harvest the Wind Network. I submit this testimony in that capacity.

Harvest the Wind Network is a national leader in the sales and installation of distributed wind energy projects.

- "Distributed wind" involves the use of typically smaller wind turbines at homes, farms, businesses, and public facilities to off-set all or a portion of on-site energy consumption as well as projects with local ownership, or "community" wind.
- Distributed wind is a dynamic and growing segment of the renewable energy industry.
- Distributed wind power is often owned and used by energy consumers at or near the site of generation, which means:
  - Deployment of distributed wind power can reduce the need for new centralized generation and transmission facilities; and
  - Local investors help drive localized employment and economic benefits.
- Distributed wind projects often rely heavily on the Investment Tax Credit (ITC) to finance their projects and installation. This is because:
  - Many Renewable energy investors cannot take advantage of the Production Tax Credit (PTC) unless the energy generated from that project is <u>sold to a third party</u>. Because distributed generation is designed to be consumed on-site and is seldom sold to a third party PTCs are not generally available to small wind project developers.
  - The PTC can only be used to offset <u>passive income</u>. This feature generally does not impede large, institutional investors, because they routinely realize significant passive income that can be offset by a PTC. However, because many potential investors in small, community or distributed wind projects have inadequate or no passive income, they are precluded from taking advantage of this tax credit, making the ITC much more attractive and valuable to the distributed wind industry.
  - Finally, and relatedly, in order to fully realize the significant multiplier effect of small, distributed wind projects on local economies, and minimize any concerns to new wind projects, it is ideal to develop a broad pool of local investors. If they are unable to utilize the PTC and the ITC is allowed to expire, this financial and personal support will not materialize and projects will not get done. Jobs will be lost.

- Renewing the ITC for land-based wind power is also a matter of parity and fairness.
- Solar photovoltaic projects of any size are currently eligible for an ITC through 2016 and are widely used in distributed applications.
- Extending the ITC for wind through 2016 creates a level playing field among competing renewable technologies and allows the customer to determine the optimal technology selection for a given site.

History

BTI Wind Energy is one of the many success stories that was born in the aftermath of total devastation. On May 4th, 2007, Greensburg, KS was completely destroyed by one of the most powerful tornados ever documented. Along with every other business in Greensburg, the tornado completely destroyed the dealership, all of its inventory, and the largest employer in town. The small Southwest Kansas town resolved to rebuild as the "greenest city" in America. Led by President Kelly Estes and General Manager Mike Estes, BTI Inc. was reborn, and the business opened with a new addition, BTI Wind Energy LLC.

BTI Wind Energy formed The Harvest the Wind Network of dealers to sell, service, and support wind energy products across North America. This network was started as an effort to show the world what renewable energy can do for local business, homes, schools, hospitals and many more, just as it did in Greensburg. The Harvest the Wind Network believes in implementing wind energy effectively throughout North America and bringing green economic benefits to local communities.

About HTWN

Harvest the Wind Network (HTWN) is comprised of 13 independent dealer groups throughout the United States and Canada who provide wind energy solutions from residential to community wind projects. Each independent dealer group has dedicated wind specialists and technicians trained and supported by Harvest the Wind Network. Service training efforts are supported by our equipment partners in partnership with local community colleges. Each award winning HTWN dealer has been established and doing business in their local communities for an average of 50 years. Customer service, support and loyalty are the networks' ambitions and goals. Gaining momentum very quickly, HTWN currently has installed and is servicing over 125 turbines. Our nationwide pipeline is in excess of a 100 projects ranging in size from 50kW to 10MW slated for installation during the next 18 months. Please visit our website at www.harvestthewindnetwork.com, to view installed projects and current projects under construction.

Conclusion

You can see how important an extension of the ITC election is to our network and end customers throughout the United States for the reasons stated above. We encourage the House Ways and Means Committee to approve and submit to the full House of Representatives legislation that would extend the § 48 ITC (Investment Tax Credit) election through 2016 for wind power projects of all sizes. Extending the ITC election will support a fair, competitive renewable energy market, encourage technology advancement, and provide stability to the distributed and community wind industry. The ITC election extension will foster energy independence for rural and local communities, driving local and national economic growth and job creation throughout the United States. We believe in the benefits of wind energy and we believe distributed wind energy is our future.

Thank you again for your time and consideration of these comments. We look forward to the expansion of the American wind industry and our joint efforts to devise effective policy.

Sincerely,
Miranda Ellis
Director of Finance
Harvest the Wind Network

Statement of Heather P. Johnson

I, Heather P. Johnson, Project Coordinator for Vestas in Brighton, CO, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen wind farms near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Thank you for your time and consideration,

Sincerely,

Heather P. Johnson
8277 Ouray Drive,
Longmont, CO 80503

Statement of Heidi Topp Brooks

April 24, 2012

To the Chair, Ranking Member and Members of the House Ways and Means Committee:

RE: Hearing on Certain Expiring Tax Provisions

Dear Committee:

I am writing to respectfully request that you extend the wind energy production tax credit a soon as possible. I ask this as a concerned citizen of a state that suffers greatly from the pollution generated by the very dirty, coal-fired San Juan Generating Plant in northwest New Mexico. While carbon-based energies have benefitted from government subsidies for decades, new technologies that could save lives and money in the long run, such as wind and solar power, need that same kind of sustained support to move us to the energies of the future. The public health benefits alone justify subsidies for clean energy.

New Mexico ranks very high among the states for wind-power and solar-power potential. Yet we lag behind in developing these resources—a wasted opportunity. With incentives, we could not only be instrumental in supplementing power for other states in our region, we could replace our dirty-energy production, saving lives and creating new jobs, as well.

Thank you for your consideration of my request.

Very truly yours,

Heidi Topp Brooks, J.D., M.P.H.
4280 Indian Springs Dr. NE
Albuquerque, New Mexico 87109-1912

505 220-3330

heiditoppbrooks@mac.com

Statement of HK Payroll Services, Inc.

HK Payroll Services, Inc.

2345 J.F.K. Road, P.O. Box 3310

Dubuque, IA 52004-3310

(563) 556-0123

smay@honkamp.com

Hearing on Certain Expiring Tax Provisions

April 24, 2012

Dear Committee on Ways and Means:

We at HK Payroll Services, Inc. (HKP) are writing to urge you to extend the remaining Work Opportunity Tax Credit (WOTC) categories that expired at the end of last year. These tax provisions, which benefit a wide range of taxpayers, including associations, businesses, and individuals, are extremely important to U.S. jobs and the broader economy.

While the VOW to Hire Heroes Act extended the veterans categories through 2012, the categories for people living in distressed communities, at-risk youth, disabled workers, etc. expired at the end of last year, injecting more instability and uncertainty into the economy and further weakening confidence in the employment marketplace. Additionally, not extending these provisions will result in a crushing tax increase to employers who have incorporated WOTC's public-private sector partnership into their hiring practices.

Moreover, the extension of the expired WOTC categories should not be delayed. Employers are still giving forms to new hires and state employment offices are still collecting WOTC information. While we are hopeful that the tax reform debate results in policy that is fair, efficient, and encourages economic growth, it is critical that the current tax system provide certainty in the interim. Additional uncertainty is not a recipe for improving confidence in this economy.

The recent passing of the VOW to Hire Heroes Act demonstrates that the effectiveness of WOTC is still recognized on both sides of the aisle, even after fifteen years in operation. If the rest of the WOTC program is discontinued, it should be done in an orderly way that allows employers to anticipate the change, after Congress has given due consideration to the issues.

Please consider the following testimonials from our Tax Credits department on how these credits benefit our clients:

Multiple clients have expressed concern over the expiration of the WOTC program. This program is a huge help to them. - Kris H.

In the course of conducting business for HKP we make courtesy calls to our clients. These calls help to address our clients' concerns regarding WOTC. During several calls, I experienced clients expressing concern about the renewal of WOTC. This credit has helped many small businesses who employ qualified employees keep their businesses operational. To lose that tax credit could be devastating to some of our clients. - Diane B.

The work opportunity tax credit program is a good thing for small companies to have to keep their business successful and profitable; it encourages businesses to hire more people, helping to get them off unemployment. – Amanda G.

The WOTC program is very important for our economy. These valuable tax credits help our businesses to stay profitable and therefore keep people working which keeps our unemployment numbers low. Also, these tax credits are an incentive for companies to hire individuals that fall into the many target groups and keep them employed. – Linda S.

I have heard frequently over the years from our WOTC clients that these credits are necessary for their company to survive and expand, that these tax credits allow the company to add additional employees. By not renewing this great tax credit program would in essence be a tax increase to our clients, something they cannot afford at this time to their company in this economy. – Judd D.

Working for the Tax Credit department at HKP, I have seen many of our clients flourish because of WOTC. I think it's important to extend WOTC because it helps all sizes of business whether small or large! – Kallie W.

The WOTC credits our clients receive are essential to the success of their business and their ability to create more jobs. Not only does this benefit them, but the economy as well. – Sharon K.

I know that many of our clients, especially our clients with smaller companies, have greatly benefited from this program. As you may know, many businesses have struggled in this hard economic time. Therefore, the help that businesses receive from this program has helped them out tremendously. This program does not only help businesses but the people working for them by allowing more companies to hire more employees. With more businesses that are able to hire and more people working, the better the economy has a chance at recovery. - Erin M.

This program has proven to be a great bridge for employees who are trying to get off government assistance and the employers who can help them with this goal. Many of our *clients have been able to offer additional benefits, wages, and other workforce improvements due to the savings WOTC has provided them. One client has been able to improve their business model with the help of this program. As a result, they are now scheduling annual companywide meetings for their 22 locations to strategize effective business practices for their nearly 12,000 annual employees. – Mike N.*

The program is very helpful to our clients. These credits allow the employer to provide more jobs and extend benefits to their employees. - Christine M.

As a Tax Credit Consultant, I work with hundreds of businesses every year who take advantage of this program. These businesses have higher retention rates, can pay a higher salary to their workers, and impact their economies through this program. These tax provisions also directly impact the unemployment rates in their communities. Removing this program would have a significant negative impact on businesses. Businesses who have taken advantage of the WOTC program count on the tax benefits on their fiscal year returns. Pulling these impactful benefits from their businesses will have a negative result on both employment and the economic climate of their local communities. The VOW act being passed recently shows the impact of WOTC. However, target groups are being left out if we are not able to continue the WOTC program. SSI income recipients, disabled and underprivileged employees and employees who come from disadvantaged areas are all left out if the WOTC program is not continued. Some of these target groups are the most widely used of all of the WOTC program. This makes not only the business counting on these credits at-risk, but any of the employees that fall into the target groups will have a more difficult time finding work. - Mike J.

Many of our clients are able to use the tax provisions to finance their company growth, internal and external. As you are well aware, a growing business is one of the fastest ways to a growing, recovering economy. – Emily S.

The feedback I receive from clients on why the WOTC is so important is a two-fold opportunity. First, it is a very low risk alternative to increase bottom line performance in today's struggling economy. Second, clients can direct their hiring towards target groups who might not otherwise be thought of for employment. The return can be equally beneficial to both mom and pop companies and large corporations who choose to employ low to middle class applicants while at the same time boosting our blue collar work force. – Shane B.

We urge you to include the remaining WOTC categories in the payroll tax cut bill, preventing tax increases on businesses, farmers, workers, and entire communities at this stage in the recovery.

Sincerely,

The Tax Credit Department at Honkamp Krueger

HKF Development, LLC

Ways and Means Committee

April 30, 2012

US House of Representatives

Washington D. C.

Dear Committee Members

I would like to add my name to the many from around the United Sates urging you to extend the Production Tax Credits for the Wind Industry. Our firm has built operations and maintenance buildings for a number of sites. The jobs created by this portion of the wind energy field sometimes get forgotten. Construction jobs are great, and ongoing work is always needed to maintain the equipment and keep it running at peak efficiency. Many young people in our area have chosen this as a career and local colleges are offering degrees, to ensure we have skilled and qualified people running these huge investments. Are we prepared to tell them it has all been a hoax?

I realize other established industries, such as oil, coal and natural gas, are doing everything in their power to scuttle new technologies. It wasn't far in our countries' past that they were also groups of fledgling companies looking to better themselves and the federal and state governments were are still aiding and subsidizing their activities. We ask for a level playing field. Wind's costs per KW continue to improve and the wind always blows for free. It doesn't have any harmful effects on the environment.

This needs to be addressed immediately. Just as a factory doesn't start with the turn of a switch, not doing something now will lead to shut downs of thousands of jobs that won't come back just because you do something later. Our firm will be greatly affected should the wind energy industry continue to be a ball kicked back and forth on political whims. We need more certainty. The idea of phased reduction of subsidies holds much promise. Please do everything you can to not pull the plug on such an important part of our society and economy.

Respectfully

Tim Fredrickson, Manager

605 East J Street, Forest City, IA 50436
Tel. 641-590-0517 Fax 641-582-2013

HOLLAND CONTRACTING
1400 South 4th St., Forest City, Iowa 50436 Ph. 641-585-2231, Fax 641-585-5588

Ways and Means Committee
US House of Representatives
Washington D.C.

April 30, 2012

Dear Committee Members

I would like to add my name to the many from around the United Sates urging you to extend the Production Tax Credits for the Wind Industry. Our firm has trenched electrical cable and done many other types of work at a number of sites throughout the Midwest. We can have as many as 25 employees working on these projects at any one time. The jobs created by this portion of the wind energy field sometimes get forgotten. Construction jobs are great, and ongoing work is always needed to maintain the equipment and keep it running at peak efficiency. Many young people in our area have chosen this as a career and local colleges are offering degrees, to ensure we have skilled and qualified people running these huge investments. Are we prepared to tell them it has all been a hoax?

I realize other established industries, such as oil, coal and natural gas, are doing everything in their power to scuttle new technologies. It wasn't far in our countries' past that they were also groups of fledgling companies looking to better themselves and the federal and state governments were are still aiding and subsidizing their activities. We ask for a level playing field. Wind's costs per KW continue to improve and the wind always blows for free. It doesn't have any harmful effects on the environment.

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Respectfully

Tim Fredrickson, Controller

Statement of Horn Wind, LLC

Jimmy M. Horn
Horn Wind, LLC
219 Virgie Ln
Windthorst, TX 76389
Office: (940) 642 9781
horn.wind@yahoo.com

Ways and Means Representatives:

Hello, my name is Jimmy Horn. I am the President of Horn Wind, LLC. My company is a family owned business and has been in business for 5 years now. We are located at 219 Virgie Ln, Windthorst, TX 76389.

I am writing this letter in support of the extension of the Production Tax Credit as part of Amendment 1812 of the Transportation Bill. Without the Production Tax Credit, my company will not be able to develop wind farms in this current market and two full-time small business jobs will be sacrifices (along with 100s of thousand of other Renewables jobs in the USA). This will increase the overall unemployment which we do not need at this time in our country. So please support a needed and very productive tax credit program that has been instrumental in creating and maintaining US jobs and also infrastructure growth in our great nation.

My company, Horn Wind, is an early and middle stage wind developer that is owned by Jerry Horn and his four sons and one daughter. Jerry Horn and myself, Jimmy Horn, run the business and have supported our families and livings for the past five years from our Wind Development Business. Development activities have been difficult with the weak economy but have been possible with the support of the Production Tax Credit. Horn Wind is a local developer and only develops in North Texas near Wichita Fall. We compete in our wind industry and also directly with all the other electricity generating fuel sources (nuclear, coal, etc) with Natural Gas being the main free market energy pricing driver. We have been successful in developing several wind farms in North Texas and have our first 150MW wind farm in construction currently to be operational by the end of 2012 to be able to utilize the PTC. We also have a large investment of nearly $1 million of our business and families money in a second 200MW wind farm that is on hold right now due to economic viability is not possible without support of the Production Tax Credit.

With the abundance of natural gas in Texas and throughout the nation that has arisen over the past few years, the market prices for power have dropped by 25% in Texas from 2007 to 2008 and is not expected to rise quickly in the near future. Thus, due to Renewables (Wind and Solar) having to compete directly against the more pollutant fossil fuel, Natural Gas, the Production Tax Credit serves as the main mechanism in levelizing the playing field and helping move the US and the world into a cleaner long-term future in preserving this planet along with other benefits of energy independence from overseas oil and creation and maintaining US jobs.

Without the Production Tax Credit or another similar incentive that accounts for carbon into the energy equations, Renewables will remain at a disadvantage over the next 5 to 15 years due to their higher upfront costs of plant construction. And in the next 5 years, Renewable will not be able to compete at all in the US market and the wind industry will grind to a halt without the Production Tax Credit.

Throughout the approximate 20 year history of the Production Tax Credit, this credit has created numerous jobs and has driven the gradual move from all fossil fuels power generation to a mix of Renewables and fossil generation coexisting and supporting each other overall very well. This PTC provides about 25% of the revenue steam for the Wind Project over its life.

With the above, please extend the Production Tax Credit as a vehicle to maintain a vibrant US wind industry (including numerous manufacturing and construction jobs) in these tough economic times. Also as a long-term mean to US energy independence and keeping the planet is good shape for our children.

Thank you for your time and consideration:

Jimmy M. Horn
Horn Wind, LLC
219 Virgie Ln
Windthorst, TX 76389
Office: (940) 642 9781
horn.wind@yahoo.com

Statement of Hugh Jarvis

I, Hugh Jarvis, a librarian and taxpayer in Buffalo, NY, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Traditional energy costs are soaring. Our dependence on non-renewable oil, coal, and gas resources drains our pockets and makes us over-reliant on foreign production and out-dated, inefficient, and environmentally unfriendly technologies.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize the country and our region – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Thank you.

Hugh Jarvis (PhD, MLS)
464 Linwood Ave.
Buffalo, NY 14209

Submission for the Record
Hearing on Certain Expiring Tax Provisions
Subcommittee on Select Revenue Measures
Committee on Ways and Means
United States House of Representatives

Iberdrola Renewables, LLC
May 10, 2012

Introduction

Iberdrola Renewables, LLC ("Iberdrola Renewables") is submitting this testimony for the record in response to the Committee's April 26th hearing on Certain Expiring Tax Provisions.

Iberdrola Renewables develops, builds and operates, wind, solar, and natural gas electric generating facilities throughout the United States. The company is the second largest generator of wind energy in the country, with more than 5,000 megawatts (MW) of installed capacity of wind and solar energy located in 19 states. Iberdrola Renewables is an indirect subsidiary of Iberdrola S.A., the largest wind power generator in the world. Since 2006 Iberdrola, through Iberdrola Renewables, has invested more than $10 billion on wind, solar and other energy projects in the United States in large part due to the existence of stable, predictable government policies, such as the renewable production tax credit ("PTC"). The PTC is currently scheduled to expire on December 31 and its potential expiration is having a significant impact on the investment decisions currently being made by Iberdrola and other wind power developers.

Renewable Production Tax Credit

The PTC is one of the most effective provisions in the U.S. tax code for encouraging investments, promoting economic growth and keeping electricity rates low. The wind power industry, in particular, has become an important engine for economic growth due in large part to the availability of the PTC. Since 2005, the wind industry has invested more than $60 billion in the U.S. economy. More than 75,000 people are currently employed at 470 facilities located across 42 states. In a very short time frame, U.S. wind turbine manufacturing has grown at a dramatic pace. 60% of a typical wind turbine's component parts are now produced here in America, compared to 25% in 2005.[1]

[1] Federal Production Tax Credit for Wind Energy, American Wind Energy Association (AWEA) Fact Sheet, http://awea.org/issues/federal_policy/upload/PTC-Fact-Sheet.pdf

Further, wind energy costs have been reduced over by 90% since 1980, recently driven by a surge in technological advances. With its ability to guarantee firm prices in long-term contracts and a free source of fuel for decades, wind energy has provided 35% of all new U.S. power capacity in the last five years.[2]

The PTC has enabled companies, such as Iberdrola Renewables, to make substantial investments in the United States. Iberdrola Renewables' predecessor, PPM Energy, started in 2001 with just 13 employees. Iberdrola Renewables now has more than 850 full time employees and the company employs thousands of others, indirectly, in the construction and manufacturing sectors. Iberdrola Renewables has worked with more than 200 different US suppliers and construction companies on our wind power projects.

Iberdrola Renewables will soon achieve commercial operations on the largest wind project in Ohio, the 304 MW Blue Creek Wind Farm in Van Wert and Paulding counties.. At peak times of construction there were more than 500 workers on site, with 330 of them from local Ohio companies. Construction of Iberdrola Renewables' 300 MW Cayuga Ridge wind farm in Illinois included 80 American companies, including steel from the Midwest, turbine blades manufactured in North Dakota, towers from Wisconsin, and turbine assembly in Pennsylvania.

Iberdrola Renewables' projects provide an important boost to the economies of the communities where we operate. Across the country, we pay more than $30 million per year to landowners for the right to erect wind turbines and also pay more than $50 million annually in property taxes, which enables local governments to fund schools, hospitals and emergency services. In Sherman County, Oregon, revenue from Iberdrola Renewables' five wind farms have enabled the county to improve roads and bridges, expand local fire protection services, improve senior centers, and build a new library and public school. In Lowville, NY, revenue from Iberdrola Renewables' Maple Ridge wind farm enabled the local school district to put a state-of-the art computer in every classroom and build a new football field. In Illinois, revenue from Iberdrola Renewables' Cayuga Ridge Wind Farm enabled a $1.6 million new high school building in Odell.

Congress Should Extend the PTC as Soon as Possible

The Energy Information Administration predicts that few, if any, wind power projects will be built in 2013 if the PTC is allowed to expire.[3] The expiration of the PTC would create severe economic

[2] AWEA *U.S. Wind Industry Annual Market Report Year Ending 2011*, awea.org.
[3] Energy Information Administration, Annual Energy Outlook 2011, Renewable Energy Generating Capacity and Generation, Extended policies, http://www.eia.gov/oiaf/aeo/tablebrowser/#release=AEO2011&subject=10-AEO2011&table=16-AEO2011&region=0-0&cases=extended-d031011a.

hardship. Navigant Consulting predicts as many as 37,000 permanent jobs could be lost without a PTC.[4]

The uncertainty associated with the future of the credit is already having an adverse impact. Companies can't finance projects if creditors don't know whether the PTC will be available. A significant number of wind project developers have already dramatically cut-back their activities on projects that can't be completed in 2012 due to the uncertainty over the future of the credit[5]

Iberdrola Renewables is not immune to the impact of this policy uncertainty. Over the last three years, our parent company invested approximately $6 billion in renewable energy projects in the United States. Congress' delay in extending the credit is causing Iberdrola to reconsider its 2013 investment strategy in U.S. renewable energy projects. Moreover, Iberdrola Renewables has had lay-off some employees as a result of this uncertainty.

The greatest impact of PTC uncertainty is on the US manufacturing supply chain. After investing $1 billion in four manufacturing plants in Colorado, Vestas announced in January that it could lay off 1,600 people if the PTC is not extended.[6] As many as 47 new American wind-related manufacturing facilities have come online since 2009, even in the midst of an economic downturn. Once these facilities shut down, long lead times required to procure steel and secure available component suppliers will limit their ability to get back online quickly.

Although constructing a wind farm can be done in as little as six months, equipment orders, financing, and construction companies must be secured up to a year prior. Construction activities are also impacted by weather constraints for much of the Midwest and Eastern US. In past years, something as seemingly simple as ordering a crane tall enough to install wind turbines threatened many project timelines, as wind industry orders were placed long after other multi-year construction projects. As a result of these factors, if the PTC is not extended by the summer, it may be infeasible for developers to complete wind farms in 2013. If Congress waits much longer to extend the PTC, Iberdrola Renewables respectfully requests the extension last at least through 2014 to give companies time to act.

Iberdrola Renewables recognizes that growing budget deficit pressures and Congress' desire to reform the tax code suggests that the PTC might not last forever. We are willing to, as part of the tax reform process, work with members of Congress and the Administration to modify the program

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[4] Navigant Energy, *Impact of the Production Tax Credit on the U.S. Wind Market, December 12, 2012, http://awea.org/learnabout/publications/reports/upload/AWEA-PTC-study-121211-2pm.pdf.*

[5] Richard Kessler "NextEra turns from US wind investment toward solar," Canada, ReCharge, November 6, 2011, http://www.rechargenews.com/energy/wind/article287730.ece, and Brett Clanton, "EDP Renewables lays off 10 percent of N. American workforce," FuelFix, September 30, 2011, http://fuelfix.com/blog/2011/09/30/edp-renewables-lays-off-10-percent-of-n-american-workforce/.

[6] Howard Pankratz, "Vestas to lay off more than 2,300; could lay off another 1,600 in the U.S. later this year," Denver Post, January 12, 2012, http://www.denverpost.com/breakingnews/ci_19727018#ixzz1tjuTdnbS.

or develop policy alternatives. However, although the wind power industry has made enormous strides in reducing costs, historically low natural gas prices threaten the viability of alternative energy sources without tax relief. The industry needs a short-term extension of the PTC to eventually achieve self-sufficiency.

Conclusion

Iberdrola Renewables appreciates and thanks the Committee for the opportunity to submit testimony. To foster the growth of an industry that is doing a tremendous amount to contribute to economic development, reinvigorate the American manufacturing sector, and diversify our electricity supply, we hope the Committee and the House of Representatives will act immediately to extend the PTC.

ILLINOIS WIND WATCH

Be SMART about being GREEN

In re Hearing on Certain Expiring Tax Provisions (held April 26, 2012)
U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures

Submitted May 6, 2012

Illinois Wind Watch is an unincorporated, grass roots association of citizens and citizens' groups that oppose irresponsible industrial wind development in Illinois. IWW is self-funded and 100% volunteer. Neither the group nor the undersigned representatives are allied with any energy company or industrial interest. For more information, see www.illinoiswindwatch.com. As residents and property-owners of the State of Illinois we respectfully submit these comments into the record for the above-referenced hearing.

EXECUTIVE SUMMARY

We respectfully request that the Production Tax Credit ("PTC") be allowed to expire because extending the PTC will actually *harm* the U.S. economy from top to bottom: (1) economic development reports from existing Illinois wind projects show that the wind industry has created very few jobs despite receiving billions in tax breaks and other subsidies; (2) European studies show that renewable energy subsidies and mandates destroy far more jobs than they create; (3) extending the PTC will not prevent climate change; (4) wind is extremely expensive compared to most other sources, and (5) our nation's utilities will move toward cheaper, cleaner natural gas *without government intervention or expense*, thus creating economically sustainable jobs and making all our businesses more competitive. After 20 years of massive subsidies in the form of cash grants, tax breaks and loan guarantees for wind energy, it is high time to retire the Production Tax Credit.

I. THE PTC KILLS MORE JOBS THAN IT CREATES.

Empirical evidence suggests that the industry's jobs claims are inflated. However, even if we accept the industry's claims at face value, doing the math reveals that we will be paying too much for these jobs. European studies show, however, that renewable energy subsidies destroy more jobs than they create. Given the overall impact on the rest of the economy, we will paying billions only to experience net job *losses*.

- The industry's claims of job creation do not appear to reflect reality. Reports from wind host communities indicate that the wind industry actually creates very few permanent jobs. In Illinois, official quarterly reports filed with the Illinois Department of Commerce and Economic Opportunity (ILDCEO) indicated that the development of eight large industrial wind farms (1,460 turbines) created only 61 to 75 permanent full-time jobs during 2007-

2010. In comparison, a single hardware store created 75 jobs. Furthermore, it appears these jobs were not truly permanent. The local reports either did not indicate how many employees were still employed by the project or noted there were "0" at the time of the report. The review of DCEO reports can be found at http://illinoiswindwatch.com/each-illinois-wind-job-costs-taxpayers-8-million/. An independent audit to determine how many long-term, full-time jobs have been created in the U.S. is long overdue.

- Even if we accept Big Wind's number, wind jobs are unaffordable. The future cost of the PTC is unknown because there is no cap on the amount of capacity that can qualify under current law. We could not find an official estimate of the cost of extending the PTC. However, if we assume the average annual wind capacity development from 2008-2011 will continue, the PTC will cost the federal treasury about $4.5 billion per year of extension. Thus, if the PTC is extended for just one more year and development occurs at an average pace, that works out to **$121,622 PER JOB. Two years would cost $243,243 PER JOB. This is in *addition* to the $10 billion we have already committed for the next 10 years.** Meanwhile, there is no indication that all these alleged jobs actually exist, much less that they will last as long as the subsidy.

- Picking winners in one sector of the economy inflicts job losses on the rest of the economy. Independent studies of the impact of renewable energy policies in Europe show that for every renewable energy job created (at great cost), 2 to 5 jobs were lost elsewhere in the economy due to higher energy costs and taxes. For a summary of the European experience, see "Green Jobs Resources," http://www.instituteforenergyresearch.org/issues/green-jobs-resources/. As the impact on their economies became clear, many European nations reduced or eliminated subsidies for renewable energy. For a list of cutbacks with supporting links, see "World Wide Subsidy Cuts," http://www.evanstonwind.org/worldwide-subsidy-cuts. The U.S. cannot win the "clean energy race"—**there is no race. Even *China* is backing away from renewable energy now.** See "China cuts renewables to push nuclear, hydro," http://www.modernpowersystems.com/story.asp?sectionCode=131&storyCode=2062146 (April 11, 2012).

II. THE PTC DOES NOT GUARANTEE PERFORMANCE.

The assertion that the PTC rewards wind developers only if they actually succeed is false for two unrelated reasons:

- The PTC is being sold--before it is earned—to highly profitable corporations that are willing to take on the risk of buying *future* tax credits at a discount. The PTC is being monetized (reduced to its present cash value) and sold to corporations that are willing to provide cash up front to wind companies to use as capital for the project that will generate the credits. According to pro-wind sources, as of 2007 the banks, fossil fuel businesses and other companies engaged in these complex transactions paid 40 to 60 cents to get a dollar's worth of tax avoidance in the future. See *Renewable Power, Policy and the Cost of Capital. Improving Capital Market Efficiency to Support Renewable Power Generation Projects*, http://sefi.unep.org/fileadmin/media/sefi/docs/publications/Renewable_Power__Policy_and_the_Cost_of_Capital.pdf (2007). The discount reflects the tax avoiders' estimate of the value of PTCs projected to be generated, the risk associated with the project, and the time value of money. Like a payday loan, this allows wind companies (most of which are foreign) to get cash from American tax equity investors right up front, thus transferring a chunk of the risk of enterprise failure from the foreign wind developers to those American investors. See Appendix B for a detailed description of how a performance-based green incentive has been cleverly (if somewhat inefficiently) converted to corporate welfare for what many might consider "dirty" conglomerates and corporate fat cats. These financing vehicles are complex, with each deal said to be unique, but the report shows there are some standard patterns. Industry representatives have said at conferences that if the PTCs are not earned for any reason, the tax equity investor would lose that portion of the value of its investment. The wind developer gets the benefit of the PTC in the form of startup capital from tax equity investors regardless of whether the project ever generates as much energy as initially projected.

- The PTC will not play a significant role in preventing global climate change. No further subsidies should be extended until there is independent, scientific proof that adding wind to the grid actually reduces carbon emissions and use of fossil fuels. Several studies suggest it does not. For an accessible discussion of this issue, see "A New Study Takes the Wind out of Wind Energy," by Robert Bryce, http://www.forbes.com/2011/07/19/wind-energy-carbon.html. *See also* http://theenergycollective.com/node/64492 (reviewing recent studies). The time for theoretical modeling and blind faith is over. We understand that the necessary data exist in the form of quarter-hour utility generation reports, but they have not been released and reviewed by independent experts to determine whether there are indeed any net carbon savings.

Furthermore, climate change is a global problem caused by global conditions. Unfortunately, it appears that our current policies have been ineffective: the latest available data from the Energy Information Administration show that after decades of mandates and billions in subsidies, **wind still provides less than 1%** of our nation's energy. See http://www.eia.gov/renewable/annual/preliminary/pdf/preliminary.pdf. Since our nation accounts for 25% of worldwide energy consumption, American wind energy accounts for ***less than a quarter of one percent*** of the world's energy needs.

Common sense suggests we had better starting using our limited resources to look for real solutions, including new technologies that our less-fortunate fellow travelers can afford.

III. NATURAL GAS: CHEAPER, CLEANER and MORE RELIABLE

The smart energy choice is natural gas. Most experts believe that this is a no-brainer. http://www.newgeography.com/content/002509-gas-against-wind. **The EIA's latest report shows that the cost of new generation of wind energy is about 50% higher than natural gas, *and this does not even account for the cost of extensive subsidies or transmission costs!*** http://205.254.135.24/oiaf/aeo/electricity_generation.html. Nor does it accurately account for the unavailability of wind at times of peak demand (and therefore its lower value). http://www.instituteforenergyresearch.org/2011/12/22/making-sense-of-levelized-costs/. There is no free lunch. If the PTC is extended, utilities will pass the higher cost of energy on to industrial customers, who will pass it on to consumers. The federal government is itself a massive consumer. Has anyone determined how higher energy prices impact the federal budget? In contrast to wind, development of domestic natural gas would create good jobs and trigger economic booms wherever natural gas deposits have been found. The natural gas industry needs NO federal subsidy or regulatory market forcing in order to replace dirtier forms of energy. And natural gas plants could be built locally where power is used, avoiding the need to build expensive transcontinental power lines or install "smart meters" that few consumers want. We have abundant domestic gas reserves that will provide a secure and clean source of energy for centuries, giving our scientists plenty of time to look for viable non-fossil options.

CONCLUSION

Chairman Tiberi reportedly asked, "What's the magic number?" with respect to a possible phaseout of the PTC. After 20 years here and 30 years abroad, it is clear that the industry will ***never*** be self-sustainable. Thus, it will always claim that jobs will be lost if the PTC and other preferences are not extended. If Congress extends the PTC yet again, Big Wind will come back a year before it expires claiming that it needs one more extension, and we will be right back where we are today, except we will have added billions more to our soul-sucking national debt. Big Wind will *never* volunteer to stop feeding at the tax break trough. Given Congress' repeated suspensions of the subsidy over the years, the industry has been given fair warning; no one can claim to be surprised. The time has come. **We are asking Congress to give the American people a better future--more jobs, lower taxes, less debt and lower expenses—by ENDING the PTC now.** Thank you for your time and consideration of the impact of the PTC on our country's future.

Yours truly,

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APPENDIX A

Estimated Cost of Extending the Production Tax Credit

The $4.5 billion/yr figure was calculated as follows:

1 GW capacity = 1 million kW capacity.

1 million kW * 10 yrs * 8760 hrs/year * 33% efficiency * 2.2 cents/kWh = about $636 million in subsidies per GW installed.

Wind installations in 2008-2011 were 7, 10, 5 and 6 GW, respectively. That averages to 7 GW per year. 7 GW * $636 million/GW = at least $4.5 billion drained from the Treasury for every year it is extended.

This does not include the impact of higher energy costs on the federal budget or loss of tax revenues from job losses in other sectors of the economy.

APPENDIX B

CASHING IN ON THE PTC

Excerpt: Appendix D: Sample PTC Monetization Structure "Partnership Flip," *Renewable Power. Policy and the Cost of Capital. Improving Capital Market Efficiency to Support Renewable Power Generation Projects*, (Frederick A. & Barbara M. Erb Institute for Global Sustainable Enterprise, University of Michigan, April 2007):

There are two primary reasons for a developer to monetize the tax credits allowed under Section 45 of the IRS tax code. First, the developer often does not have the tax appetite to adequately take advantage of the credit independently. Second, monetizing the credit up front can provide a much needed source of capital for developing a renewable power project (Duffy 2005, 5).

There are several structures that can allow for monetization, including "partnership flip," "service contract," and "sale and leaseback" (this structure is not available for wind projects). Among these options, one of the most common for wind facilities is the partnership flip. This structure has several variations that can include non-tax equity investors and debt capital in addition to the developer and tax equity investor. This appendix offers an overview of the partnership flip structure in order to provide a sense of the complexity of monetization. Note that the concepts presented are very general, as most monetization structures are highly customized to fit the circumstances of individual projects.

Under Section 45, there are limitations to transferring credits, primarily as a function of eligibility. Currently, only owners of a given power facility can take advantage of the tax credit (one exception is the result of a special rule, which allows openloop biomass power plant operators or lessees to claim the credits) (Martin 2007, 20). Therefore, it is necessary to establish a limited liability company (LLC) or a joint venture that results in the partners (developer and equity investors) each being classified as owners. The partners are then allocated credits in proportion to their ownership. In addition, there are other limiting factors according to Section 45, including (Zaelke 2005, 20):

Subject to all tax equity investors:

1. Tax credits from the PTC can be diminished by other state, federal, and local incentives that help pay the capital cost of the facility.

2. The PTC will begin to phase out as the power price exceeds 10.7 cents per kWh.

3. The PTC only can be used to offset the alternative minimum tax for the first four years.

Not subject to large institutional investors and corporations who are supplying the tax equity in partnership flip deals:

1. Passive loss rules require that the taxpayer must be actively engaged in the business or must be using the credit only to offset other passive investments.

2. At-risk rules that restrict individuals and smaller companies in claiming full depreciation from a project, limiting the amount to the amount of equity the investor has invested.

The LLC is generally structured with the developer as the managing member and the tax equity investor as a passive participant with limited voting rights, but with 90 to 100 percent of the economic returns from the entity. In return, the tax investor will provide the majority of the equity contribution to finance the construction of the facility. For the first 10 years, the tax equity investor will usually draw the tax credits and revenue in proportion to its economic ownership. Effectively, the LLC is treated as a partnership to take advantages of the tax benefits, though according to IRS regulations, the partners must share the PTCs in the same ratio as taxable income. By the end of this cycle, but not before the tax equity investor has reached a predetermined rate of return, the equity proportions will switch between the tax investor and the developer, hence the term "flip." At this point, the interest of the tax investor usually drops to five percent (Martin 2007, 9).

To provide the developer, who is also commonly the managing member in charge of day-to-day operation of the facility, with cash during the period of minimal equity, an upfront development fee and/or ongoing management contract is often part of the agreement. Many times, after the flip has occurred, the developer has the option to buy the tax investor's remaining interest at the current fair-market value (Zaelke 2005, 31).

Risk allocation between the tax equity investor and developer is negotiated when developing the operating agreement for the LLC as well as any separate purchase or equity commitment agreements. If the forecasts made by the developer during these negotiations fail to materialize, the investor will have a claim against the developer, the damages from which are usually capped. The equity investor accepts the risk that the deal will deliver the tax credits. In addition to damages, the equity investor can delay the flip until the target return is reached.

There are several variations to this structure. First, leverage can be added to the initial capital. Upon completion of the project, construction lenders expect to be repaid. However, there is occasionally some level of debt remaining on the project from a "term" lender. Any term financing is then usually serviced over the same period as the PTC, so when the equity flips, the developer owns the facility debt-free. Non-tax equity investors also may have invested during the development phase of the project. In this case, cash is initially paid to this investor to cover the amount of the original investment, while returns are earned over the same period as the tax equity investor.

In addition to, or in lieu of, an upfront payment, the tax equity investor also can make quarterly equity payments on an ongoing basis. The developer can borrow against these payments like a stream of revenue, used to securitize the debt, effectively monetizing the future tax credits. This structure is commonly referred to as "pay-as-you-go." Whereas in acquisition deals the investor makes payments to the developer to buy the project, tax investors in new projects generally make a capital contribution to the LLC to repay the construction debt. The pay-as-you-go structure is typically a way for the tax investor to spread risk by not providing the entirety of the project's equity capital upfront (Duffy 2005, 18).

The sophistication inherent in these structures often results in significant legal and accounting fees. Thus flips and other monetization structures may not allow for smaller projects to effectively take advantage of the incentive. To overcome this barrier, small developers may elect to combine their projects into a single entity to pool tax credits for a single tax investor. Even so, there are currently only about a dozen large institutional investors supplying tax equity to REPG projects and often they do not want to spend time with small deals (Duffy 2005, 22).

PTC syndication has allowed for investors such as banks and insurance companies to participate in the renewable power sector, in addition to traditional energy and project finance investors. The result has been greater transfer of PTC value to the developer. In addition, the fact that the structure allows for the developer to remain in control makes it attractive to developers.

See the full report at
http://sefi.unep.org/fileadmin/media/sefi/docs/publications/Renewable_Power__Policy_and_the_Cost_of_Capital.pdf.

[redacted]

"The Economic Urgency of Restoring Key Tax Provisions"
Statement for the Record
Dean C. Garfield, President and CEO, Information Technology Industry Council

Hearing on Certain Expiring Tax Provisions
House Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012

Chairman Tiberi, Ranking Member Neal, and Members of the Subcommittee, thank you for holding this important hearing on the value that tax extenders provide to the American people. Many of the provisions are integral to America's global economic leadership and our companies' ability to innovate and create new, good-paying, long-lasting jobs.

As members of this subcommittee well understand, the U.S. tax code is complex and, often, contradictory. An honest reading of the code will reveal that, for all of the pro-jobs and economic growth rhetoric we hear from all corners, the U.S. tax code unfairly targets American-based global corporations that account for the bulk of U.S. R&D spending, exports, and almost all outward direct investments. As we work together to recover from the worst economic recession in generations, we should adopt a tax structure that encourages companies to invest in the American people and American companies to produce the cutting-edge products that the world is demanding.

When the current package of tax extender provisions expired in December 2011, U.S. companies held their collective breath to see when – not whether – the Congress would reauthorize these job-creating provisions. Unfortunately, given the tenor of the politics of Washington, it is increasingly difficult to see a path forward this year. Each commitment of progress is met with a push for delay. We hope to see progress.

The technology sector agrees that the Congress should take a serious look at the merit of current temporary tax provisions as it looks at comprehensive tax reform. However, comprehensive tax reform is not expected until 2013, at the earliest. Absent an effort by Congress this year to pass a tax extenders package, critical job-creating tax provisions could be left off the books for two years or more. Even a delay of one year, which is all but certain, is unacceptable, especially at a time when other countries are not standing still to attract capital investment, and encourage companies to create jobs within their borders. Bluntly, our economy cannot afford extended congressional inaction on tax incentives that boost American jobs and the American economy.

The technology sector is focused on three specific extender provisions. The first is the Research and Development (R&D) tax credit. This is clearly a pro-jobs tax credit, with approximately 70 percent of the benefits of the credit attributable to salaries of workers performing U.S.-based research. This credit leads to more tax revenue, patents, and jobs. Here at home and around the world, R&D tax incentives have been proven to effectively increase private-sector innovation and boost economic growth.

The United States was the first nation to realize the importance of spurring R&D through the tax code, putting in place the R&D credit in 1981. Throughout that decade, the U.S. had the most generous R&D tax incentive in the world. However, as the Information Technology and Innovation Foundation has noted, other nations learned from our success and have not just copied us, but left us in their wake. By 1996, the United States had fallen to seventh in R&D tax generosity among the 30 OECD nations; by 2004, the U.S. had fallen to 17th. Other non-OECD nations – including our top global competitors – have overtaken the U.S. in supporting R&D.[1] And all of that was before the U.S. R&D tax credit was allowed to expire. Our global competitors would welcome Congressional inaction on the R&D credit; our economy simply cannot afford it.

In addition to R&D tax credit, the technology sector strongly supports an extension of two other expiring tax provisions on which companies depend to compete abroad and which are important to the U.S. economy: the exception under Subpart F for the look-through treatment of payments between related controlled foreign corporations (CFCs) and also the corollary exception for active financing income. In 2008, Professors Mihir Desai and Fritz Foley of Harvard and James Hines of the University of Michigan studied the domestic effect of U.S. firms' foreign investment and found that such investment is associated with increased U.S. investment, wages, employment, R&D spending, and exports.[2] The high-tech industry depends on serving markets around the world, and these provisions are crucial to our ability to compete abroad so that we can remain strong and create jobs here at home.

Mr. Chairman, we are ready to work with members on both sides of the aisle not only to win approval of the extension of these key tax provisions, but also on shifting the focus of the U.S. tax code to global competiveness. Our nation's outmoded tax policies are holding us back, and allowing those provisions that boost economic growth to lapse serves no good end. I know firsthand from my discussions with leading technology companies that corporate tax policy is a major driver of where to locate the next factory or facility, and the jobs that accompany it. These critical investment decisions are not a simple game of salary and supply-chain arbitrage. Yes, costs matter to companies, as they do to customers, but the factors that impact costs are multi-dimensional, with the business climate, including tax policy, often becoming a deciding factor.

Upgrading the tax code will go a long way towards reclaiming America's economic leadership position. Many of the most prominent companies in our country, and certainly many in the tech sector, did not exist or existed in a very different form when our code was last rewritten in 1986. Like other major markets have proved, an upgraded tax code must be simple, with innovation incentives like a permanent R&D tax credit at its heart to drive innovation, competitiveness, and good jobs here at home.

Again, we thank you for holding this hearing and look forward to working with you and the subcommittee members to enact an extension of these tax extensions this year, to be followed by comprehensive tax reform that places a focus on creating jobs, not driving them to foreign shores.

About ITI

The Information Technology Industry Council (ITI) is the premier voice, advocate, and thought leader for the information and communications technology (ICT) industry. ITI is widely recognized as the tech industry's most effective advocacy organization in Washington, D.C., and in capitals and key markets around the world. Our members are leaders in the top tier of the information and communications technology sector in the United States and around the globe, and include ten of the world's 50 largest companies, and ten percent of both the Fortune 50 and Fortune 100 companies.

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[1] Robert D. Atkinson and Scott Andes, *17 is Not Enough: The Case for a More Robust R&D Tax Credit*, 2011, 1.

[2] Mihir Desai, Fritz Foley, and James Hines, *Domestic Effects of the Foreign Activities of U.S. Multinationals*, 2008, 14-15.

Statement for the Record

Of

The International Franchise Association

For The Hearing On

"Certain Expiring Tax Provisions"

Before

Subcommittee on Select Revenue Measures

Committee on Ways and Means

U.S. House of Representatives

Thursday, April 26, 2012

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IFA Franchising

Chairman Tiberi, Ranking Member Neal, and Members of the House Ways and Means Select Revenue Measures Subcommittee, on behalf of the International Franchise Association, representing the nation's 825,000 franchise establishments which support nearly 18 million jobs, I thank you for the opportunity to submit this statement on tax extenders and tax reform for the record at this hearing. We understand that your approach in this hearing is to review all the extenders that have expired or will expire to determine which represent policy appropriately pursued through the tax code.

IFA joined colleagues in the business community recently asking Congress to pass an immediate and seamless extension of the business tax-extenders this year which is critical to small businesses, rather than a piecemeal, one-off approach.

Our franchise small business owners need certainty in the tax code in order to make hiring decisions. By allowing the extenders package to go unaddressed last year, lawmakers placed a great deal of uncertainty on small business owners. Moving forward now with only some of these extenders, while leaving others aside, would only heighten the uncertainty causing many small business owners to delay plans for job creation.

IFA believes the package of tax extenders should include provisions such as the 100 percent bonus depreciation, 15-year straight-line recovery for qualified leasehold improvements, restaurant improvements and new construction, and retail improvements, and the Work Opportunity Tax Credit for lower-skilled workers and the long-term unemployed, among others.

IFA is a leading member of the Broad Tax Extenders Group, which represents business, individuals, organizations, and community groups. We sent a letter to Congress before the 2011 adjournment urging Congress to pass the business package of expiring tax provisions. These key incentives have an impact on a wide range of activities that help spur economic growth, job creation, and job retention. Despite bicameral, bipartisan support for these provisions, Congress failed to extend them.

Unfortunately, President Obama in his Administration's 2013 budget proposal to Congress included only some tax extenders supported by the small business community such as extending for a year the ability of all businesses to immediately deduct all of the costs of equipment and software purchases. And then, in late February, the U.S. Department of Treasury released President Obama's framework for reforming the U.S. business tax system. The President's plan called for only a few of the business tax extenders to be extended like the R&D tax credit.

IFA applauds the focus that Congress and the Administration have placed on our nation's economic health and we look forward to working together as more ideas and proposals are crafted. While there are still many unanswered questions, we will work with you to resolve them so that franchising – one of the most job creative segments of our economy – can remain an innovative force in this economy.

Franchising is a creative and innovative force in this economy. The International Franchise Association is the world's oldest and largest organization representing franchising worldwide. Celebrating over 50 years of excellence, education and advocacy, IFA works through its government relations and public policy, media relations and educational programs to protect, enhance and promote franchising.

As the oldest and largest franchising trade group, the IFA's mission is to safeguard the business environment for franchising worldwide. IFA represents more than 11,000 franchisee, 1,100 franchisor and 575 supplier members nationwide. According to a study conducted for the IFA Educational Foundation, there are over 825,000 franchised businesses across 300 different business lines that provide for nearly 18 million jobs and generate over $2.1 trillion to the U.S. economy.

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Statement of IntegEner-W

The Wind Energy Production Tax Credit
For Continued Technology Improvement

In such an expedited mode as wind energy technology has been under since its inception only three or four decades ago, the research and development has not received the attention that it ordinarily would have received, such short cuts as making use of off-the-shelf components and hand-me-down aviation aerodynamics well known to have been accepted practice since day one. The frequent wind turbine manufacturer breakups and mergers in these early years is testimony enough of the difficulties found. This is short sightedness necessitated by the idealism outpacing the free flow of capital. So it is that not only are jobs threatened if favored tax treatment is denied but also the investors are chased away, unwilling to accept the risks.

As a small business, IntegEner-W in Tehachapi, California has assumed its own costs with little support in making good on a promise to use micro scale testing in the investigation of new ideas. Otherwise seen as a habit in need of being broken, the industry continues to leap directly into building only a large, single prototype before taking on serial production of new, higher rated systems. The devil take the hindmost, as the saying goes.

The environmental prerogatives are well enough understood as creating the incentives. What is not yet generally given credit is how something as basic as air can play so many tricks. "The behavior of fluids is in many respects very interesting and unexpected", said Richard Feynman, the Nobel prizewinner in Physics. It often appears to us in the work we do that what has been learned in aviation must be doubled again in going forward in the pursuit of wind energy.

Speaking of air as a substance, it is with excited and emotional rhetoric that our enterprise communicates what is plain fact. One cubic yard of still air has a mass weight of two pounds, the same as a quart of water. Air doesn't have to be moving to have weight. Thus one thousand cubic yards of air has a mass weight of two thousand pounds, or one ton. One thousand cubic yards is hardly the volume taken up by something less than a farmyard barn. Unseen, air has a presence not at all insubstantial.

So what is supported hereby in this testimony is a continuation of the wind energy development technology PTC. There is only one mistake that can be made – letting wind energy falter. Nothing else is of anywhere near the same gravity.

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Statement of Interstate Informed Citizens Coalition, Inc.

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions

Comments Submitted for the Record

The undersigned residents and property-owners of the State of Michigan respectfully submit these comments in response to the Subcommittee's April 26, 2012 Hearing on Certain Expiring Tax Provisions. Our comments are limited to the Production Tax Credit (PTC) for wind energy.

Executive Summary: The PTC is often credited for most of the growth in the wind sector but attributing market activity to the subsidy is overly simplistic and fails to consider other crucial factors driving development. When evaluated against key economic and environment criteria, the cost of the subsidy has proven excessive and the benefits to American taxpayers minimal. If the PTC were to expire, the economics of the industry would shift to States with renewable mandates. Power markets will ultimately confront the real cost of wind energy, and price it accordingly. The overall impact on the industry would be far less severe than proponents claim[1].

Supporting Statements:

High Cost: Since adopted in 1992, the cost of the PTC for wind energy has ballooned from $5 million/year in 1998 to $1.5 billion annually today. The open-ended subsidy of 2.2¢/kWh in after-tax income represents a pre-tax value of approximately 3.7¢/kWh. In many regions of the country the PTC now equals, or is greater than, the wholesale price of power. Even if the PTC were to sunset, taxpayers are still obligated to cover nearly $10 billion in tax credits for wind projects built in the last decade. This is in addition to the $15 billion debt for wind projects eligible under Section 1603 (including anticipated 2012 grants).

Inefficient: Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind capacity exceeds transmission capacity and wind is curtailed[2]. In New England the PTC likely pays more subsidy than is necessary owing to aggressive State mandates. Utilities in New England routinely sign long-term power contracts for wind at prices significantly above market.

Other factors advancing wind development: The industry insists it's at risk of a slow-down without the PTC. This view ignores other crucial factors driving development including state mandates and natural gas prices. It is not possible given available data to identify the extent to which the PTC has contributed to growth in the sector[3]. In fact, demand for wind has eroded recently due, in part, to states meeting their renewable mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel

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[1] Linowes et.al. 2012 Congressional Testimony http://science.house.gov/hearing/subcommittee-investigation-and-oversight-subcommittee-energy-and-environment-%E2%80%93-joint-hearing

[2] Wiser and Bolinger, 2010 Wind Technologies Market Report, (2011) vii http://eetd.lbl.gov/ea/ems/reports/lbnl-4820e.pdf

[3] Joint Committee on Taxation, *Present Law And Background Relating To Tax Credits For Electricity Production From Renewable Sources* (2005) 14 https://www.jct.gov/publications.html?func=startdown&id=1579

saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

Environmental benefits: Wind energy is an unpredictable, variable resource that cannot be relied on to serve load. Its primary benefit is in reducing U.S. electric carbon emissions. According the Navigant[8], a four year extension of the PTC could avoid an incremental 170 million tons of CO2 This "best case" estimate is not predicated on an actual working grid region, but if we accept Navigant's estimate the cost to taxpayers is at least $23/ton CO2[9], ten-times the $1.92/ton market price for offsets in the Northeastern states participating in RGGI! The PTC is a high-priced vehicle for very questionable reductions of CO2 emissions.

Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

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[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

[5] Wiser and Bolinger v - Note: No independent audits exist to confirm job counts. Since any new job in the electricity sector must contribute to increasing the cost of electricity, this creates economic de-stimulus.

[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12
http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012)
http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. The study assumed some wind would be built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than 23/ton.

[10] Joint Committee on Taxation 14

Submitted by: Kevon Martis
Director-Interstate Informed Citizen's Coalition, Inc.
101 E. Adrian Street
Blissfield, MI 49228
517-403-2438

Date submitted: May 10, 2012

Comments submitted on behalf of the following residents and property owners of Michigan.

Name	Street Address	City	State	Zip
Linette and Ronald Van Camp	6346 E Horton Rd.	Blissfield	MI	49228
Eric Martis	8612 E Mulberry Rd	Blissfield	MI	49228
Ron and Kate Simon	13132 Neuroth Hwy	Jasper	MI	49248
David R Price	5359 LL Rd	Garden	MI	49835
Chuck and Abby Beale	2670 Herron Rd.	Frankfort	MI	49635
Steve and Sue Carter	7868 Holcomb Rd	Clarkston	MI	48348
Wayne Lynch	808 Munger Rd.	Bay City	MI	48708
Annette and Kurt DuRussel	1115 East Brown Road	Munger	MI	48747
Cristi L Currie	3035 S. Superior St.	Milwaulee	WI	53207
Elizabeth Kornacki	1305 Dilloway Drive	Midland	MI	48640
Andrew Plociennniczak	4305 S. Lakeshore Dr.	Ludington	MI	49431
Dan and Theresa Bauer	2457 S. Bradford Rd.	Reese	MI	48757
Jeryl Colby	2113 Grace Rd	Frankfort	MI	49635
Bud and Bonnie Cole	18480 St. Pierre	Arcadia	MI	49613
Tom and Karen Somerville	PO Box 311, 16630 Ware Rd.	Arcadia	MI	49613
Ronald Heverly	3778 Crawford Road	Frankfort	MI	49635
Diane Zimmerman	10528 Riga Hwy.	Riga	MI	49276
Harvey Langworthy	4508 Wilcox Rd.	Holt	MI	48842
Frederick Pringle	1460 Watervale Road	Arcadia	MI	49613
Harvey Langworthy	14+978 Ottawa Lake Rd.	Ottawa Lake	MI	49267
Jane Eggebeen	11338 Oak Grove Rd.	Grand Haven	MI	49417
Christine Smith	8468 King Road	Benzonia	MI	49616
Rod Merrill	1443 W. Birch Street	Scottville	MI	49454
George and Marsha Houk	4189 West Hawley Rd	Ludington	MI	49431
Mark Bischak	PO Box 26	Arcadia	MI	49613
Nancy Taylor	125 North Quanicassee Road	Reese	MI	48757
Heidi Histed	1740 S. Nolet Rd	Munger	MI	48747
Denise Hughes	10761 Wilshire Rd.	Munger	MI	48747
Monica Essenmacher	202 Norfolk	Midland	MI	48640
Fred Patrick	2864 125th Ave.	Allegan	MI	49010
Denis Holcombe	2283 Summit Dr	Frankfort	MI	49635
Dee Bennette		Scottville	MI	
Daniel Schwyn	10494 Riga Highway	Riga	MI	49276

Dino Piccinni	5405 E Horton Road	Blissfield	MI	49228
Josh VanCamp	3883 Fike Rd	Jasper	MI	49248
Laura Van Camp and Sherman Brown	6867 Scott Hwy	Blissfield	MI	49228
Douglas Carter	17412 3rd St., PO Box 140	Arcadia	MI	49613
Colleen and David Plummer	6533 Bass Lake Blvd	Pentwater	MI	49449
Cheri Wells and George Cluchey	258 3rd Street	Pentwater	MI	49449
Robin Talsma	PO Box 104	Honor	MI	49640
Wayne Anderson		FreeSoil	MI	
John Morong		FreeSoil	MI	
Kurt and Mary Krueger	6461 Benzie Hwy	Benzonie	MI	49616
Victoria Brehm	15075 County Line Rd	Tustin	MI	49688
Charles Henry	6599 Sylva Beach Rd	Caseville	MI	48725
Robert Brietzke	6773 Forty Mile Pt. Road	Rogers City	MI	49779
Craig and Sharon Goble	17725 Butwell Rd	Bear Lake	MI	49614
Jerry Punch	4469 Satinwood Drive	Okemos	MI	48864
Deb Negri-Jackson and David W. Jackson	11200 Bellefleur Drive	Bear Lake	MI	49614
Kim Van Nortwick	3396 W. Hawley Rd.	Ludington	MI	49431
Marleneand Ronald Smith	11198 Rodesilier Hwy.	Ottawa Lake	MI	49267
Susan North	921 W Beyer Rd	Ludington	MI	49431
Mary Nowak	4234 N. Washington	Ubly	MI	48475
Greg Stein	8724 Neuroth Hwy	Blissfield	MI	49228
Tom and Hoan Clair	PO Box 129	Ludington	MI	49431
Gretchen Lovett	5303 Lake Road	Reading	MI	49283
Gregory Green	5660 Lucille Ln.	Reading	MI	49274
Robert and Deborah McLean	5200 Munford Rd	Minden City	MI	48456
Jean Ann and Jeffrey Siegler	7779 Thompson Hwy	Blissfield	MI	48229
Charles and Gloria Vear				
Russ and Diana Mead	10052 Crockett Hwy	Blissfield	MI	49228
Jonatha nand Shannon Ray	1265 West Hawley Road	Scottville	MI	49454
Jeffrey Buter	4489 E. Deer Road	Hart	MI	
Allen and Gretchen Oberdick	2578 Bluff	Reading	MI	49274
Rob and Holly Nelson	2839 W. Chauvez Road	Scottville	MI	49454
Kim Cambal	12802 Crockett Highway	Blissfield	MI	49228
David Guertin	3830 Duryea Lane	Hillsdale	MI	49242
John Kreinbrink PE	1037 North Ferry Street	Ludington	MI	49431
Clay Kelterborn	6064 Dufty Road	Caseville	MI	48725
Valerie McCallum	6064 Dufty Road	Caseville	MI	48725
Ryan Lefief	6064 Dufty Road	Caseville	MI	48725
Robert Lefief	6064 Dufty Road	Caseville	MI	48725
James J Fuscaldo	4249 S. Whitehill Road	Cedar	MI	49621
Janis Campbell	442 Heather Ridge Trail	Beulah	MI	49617
John Corriveau	7475 Hendricks Rd	Blissfield	MI	49228
Eric Jefferies	4964 S. Stiles Rd	Ludington	MI	49431
Lisbeth Salach	6024 Fike Rd	Blissfield	MI	49228

Patricia Irvin	6024 Fike Rd	Blissfield	MI	49228
Aldon Maleckas	PO Box 139	Custer	MI	9405
Suzanne Waigle	330 Maple St	Blissfield	MI	49228
Robert and Barbara Wielfaert	8640 S County Line Hwy	Riga	MI	49276
Jim and Betsy Evans	4868 Crawford Rd, PO Box 89	Benzonia	MI	49616
M Burzynski	PO Box 341	Benzonia	MI	49616
Evelyn Bergaila	2908 W. Meisenheimer Road	Ludington	MI	49341
Charles Cory	111 River Dr	Blissfield	MI	49228
Kevin and Kelly Smith	3670 S Grosvenor Hwy	Palmyra	MI	49268
Matt Emery	6734 Benzie Hwy	Benzonia	MI	49616
Greg and Carolyn Horvath	12499 Yankee Road	Ottawa Lake	MI	49267
Yvette Brooks	602 Rumson Court	White Lake	MI	48386
Jim and Angela Brennan	648 St. Annes Dr	Holland	OH	43528
Craig and Joan Fankhauser	657 Glen Abbey Ln	Holland	OH	43528
Julia Pechlivanos	4343 Beverly Drive	Toledo	OH	43614
Maia Radjenovic	4718 Country Walk Ln	Sylvania	OH	43560
Susan and Jim Walters	9023 Tagsold Hwy	Riga	MI	49276
Joanne B	3477 Herron Road	Frankfort	MI	49635
Carl Anton	313 Main St	Augusta	WI	54772
Jack Schneider	1329 148 Ave	Hart	MI	
Kenneth Wieber	5048 N Wright Rd	Fowler	MI	48835
Kevin Green	4419 Ricker Hwy	Blissfield	MI	49228
James, Bethany, and Anna Amick	12214 US Highway 223	Riga	MI	49276
Michael and Colleen Angevine	9250 Rodesiler Hwy	Riga	MI	49276
John and Elisa Atherton	11977 Maiden Lane St	Riga	MI	49276
Vincent and Chandra Bachman	7231 Silberhorn Hwy	Blissfield	MI	49228
Robert and Beverly Baidel	9702 Mulberry Road	Blissfield	MI	49228
Matthewand Kristy Baird	7605 Riga Hwy	Riga	MI	49276
Jenevieve Baker	10084 Silberhorn Hwy	Blissfield	MI	49228
Pamela Bankert	12580 Yankee Road	Ottawa Lake	MI	49267
James and Judith Barrett	12272 Rodesiler Hwy	Ottawa Lake	MI	49267
Michael Bakalis	12253 Rodesiler Hwy	Ottawa Lake	MI	49267
Philip Bayer	13536 Bierman Rd	Riga	MI	49276
Jennifer Bayer	13567 Bierman Rd	Riga	MI	49276
Richard Beauregard	9607 Rodesiler Hwy	Riga	MI	49276
Vicky Beauregard	9607 Rodesiler Hwy	Riga	MI	49276
Jesse Beaver	7416 Berkey Hwy	Blissfield	MI	49228
Sandra Beaver	7416 Berkey Hwy	Blissfield	MI	49228
Dennis Beaver	7416 Berkey Hwy	Blissfield	MI	49228
Jesse Beaver	7416 Berkey Hwy	Blissfield	MI	49228
Rachele Beaver	7416 Berkey Hwy	Blissfield	MI	49228
Terry Beaver	11416 Gust Rd	Riga	MI	49276
David Berry	12401 Rodesiler Hwy	Ottawa Lake	MI	49267

Mindy Berry	12401 Rodesiler Hwy	Ottawa Lake	MI	49267
Joyce Binns	8041 Berkey Hwy	Blissfield	MI	49228
James Binns	9338 Berkey Hwy	Blissfield	MI	49228
Laura Binns	9338 Berkey Hwy	Blissfield	MI	49228
Fred Binns	9450 Berkey Hwy	Blissfield	MI	49228
Germaine Binns	9450 Berkey Hwy	Blissfield	MI	49228
Julie Boxx	10091 Lipp Hwy	Riga	MI	49276
Elizabeth Boss	10091 Lipp Hwy	Riga	MI	49276
William Box	14417 Yankee Road	Ottawa Lake	MI	49267
Donella Box	14417 Yankee Road	Ottawa Lake	MI	49267
Robin Boyd	11415 Berkey Hwy	Blissfield	MI	49228
Gregory Boyd	11415 Berkey Hwy	Blissfield	MI	49228
James Buechele	11426 County Line Hwy	Ottawa Lake	MI	49267
John Buechele	14655 Mautz Road	Ottawa Lake	MI	49267
Jennifer Buechele	14655 Mautz Road	Ottawa Lake	MI	49267
Jamie Buechele	14655 Mautz Road	Ottawa Lake	MI	49267
Jessica Burkett	8358 Berkey Hwy	Blissfield	MI	49228
Gary Burkett	9471 Thompson Hwy	Blissfield	MI	49228
William Burns	14689 Yankee Rd	Ottawa Lake	MI	49267
Kurt Buyaki	13341 Yankee Rd	Ottawa Lake	MI	49267
Emery Buyaki	13425 Yankee Rd	Ottawa Lake	MI	49267
Jean Buyaki	13425 Yankee Rd	Ottawa Lake	MI	49267
Brian Cairo	9213 Mulberry Road	Blissfield	MI	49228
Jennifer Cairo -	9213 Mulberry Road	Blissfield	MI	49228
Rochelle Laney	7781 Riga Hwy	Riga	MI	49276
Diane Waber	7781 Riga Hwy	Riga	MI	49276
Ronald Chandler	14648 Yankee Rd	Ottawa Lake	MI	49267
Karen Chandler	14648 Yankee Rd	Ottawa Lake	MI	49267
Matthew Clark	14852 Ottawa Lake Road	Ottawa Lake	MI	49267
Jennefer Clark	14852 Ottawa Lake Road	Ottawa Lake	MI	49267
Debra Coffelt	11251 Cemetery Road	Riga	MI	49276
Lawell Crockett	11931 Wegner Road	Riga	MI	49276
Sophie Crockett -	11931 Wegner Road	Riga	MI	49276
Larry Dangler	7573 Riga Hwy	Riga	MI	49276
Nancy Dangler	7573 Riga Hwy	Riga	MI	49276
David Dangler	7140 Riga Hwy	Riga	MI	49276
Deborah Dangler	7140 Riga Hwy	Riga	MI	49276
Danny Davis	7718 Riga Hwy	Riga	MI	49276
Joel Davis	11934 Wegner Rd	Riga	MI	49276
Leah Davis	11934 Wegner Rd	Riga	MI	49276
Peter Demusky	12331 Gust Rd	Riga	MI	49276
Marcia Demusky	12331 Gust Rd	Riga	MI	49276

Walter Demusky	12621 Gust Rd	Riga	MI	49276
Kathy Demusky	12621 Gust Rd	Riga	MI	49276
Maurice Denecker	12792 US Highway 223	Riga	MI	49276
Jean Denecker	12792 US Highway 223	Riga	MI	49276
George Denecker	12822 US Highway 223	Riga	MI	49276
Madeline Denecker	12822 US Highway 223	Riga	MI	49276
Michael Donovan	11479 Weston Rd	Riga	MI	49276
Barbara Donovan	11479 Weston Rd	Riga	MI	49276
Kathleen Durham	7385 Riga Hwy	Riga	MI	49276
Matthew Durham	7385 Riga Hwy	Riga	MI	49276
Paul Dusseau	8788 Berkey Hwy	Blissfield	MI	49228
Sharon Dusseau	8788 Berkey Hwy	Blissfield	MI	49228
Peter Dziad	12695 Ridgeville Rd	Ottawa Lake	MI	49267
Amy Dziad	12695 Ridgeville Rd	Ottawa Lake	MI	49267
Karson Edgar	11319 Gust Rd	Riga	MI	49276
Charlene Edgar	11319 Gust Rd	Riga	MI	49276
Clarence Emch	7506 County Line Hwy	Riga	MI	49276
Zola Farrar	13220 US Highway 223	Riga	MI	49276
James Filipek	12902 Silberhorn Hwy	Blissfield	MI	49228
Elaine Filipek	12902 Silberhorn Hwy	Blissfield	MI	49228
Chad Fisher	8205 Berkey Hwy	Blissfield	MI	49228
Laura Fisher	8205 Berkey Hwy	Blissfield	MI	49228
Henry Fisher	11780 Fike Rd	Riga	MI	49276
Sandra Fisher	11780 Fike Rd	Riga	MI	49276
Richard Fojtik	7200 Riga Hwy	Riga	MI	49276
Daniel Forche	11991 Thompson Hwy	Blissfield	MI	49228
Denise Forche	14287 US Highway 223	Riga	MI	49276
Jane Forgacs	7437 Berkey Hwy	Blissfield	MI	49228
Donald Francoer	1081 Berkey Hwy	Blissfield	MI	49228
Karen Francoer	1081 Berkey Hwy	Blissfield	MI	49228
William Frantz	8345 Silberhorn Hwy	Riga	MI	49276
Mary Frantz	8345 Silberhorn Hwy	Riga	MI	49276
Timothy Freeman	12157 Van Buren Stree	Riga	MI	49276
Keith Freeman	12157 Van Buren Stree	Riga	MI	49276
Violet Freeman	12157 Van Buren Stree	Riga	MI	49276
Sara Freeman	12157 Van Buren Stree	Riga	MI	49276
Jose Garza	11946 Wegner Rd	Riga	MI	49276
Gloria Garza	11946 Wegner Rd	Riga	MI	49276
Pedro Garza	11946 Wegner Rd	Riga	MI	49276
Michael Goddyn	11880 Silberhorn Hwy	Blissfield	MI	49228
Deanna Goddyn	11880 Silberhorn Hwy	Blissfield	MI	49228
Daniel Goddyn	11880 Silberhorn Hwy	Blissfield	MI	49228

Wendell Goetz	7212 Riga Hwy	Riga	MI	49276
Alice Goetz	7212 Riga Hwy	Riga	MI	49276
Kendra Goez	7212 Riga Hwy	Riga	MI	49276
Marie Goetz	12342 Riga Hwy	Ottawa Lake	MI	49267
Scott Goetz	12342 Riga Hwy	Ottawa Lake	MI	49267
James Goetz	7592 Rodesiler Hwy	Blissfield	MI	49228
Susan Goetz	7592 Rodesiler Hwy	Blissfield	MI	49228
Steven Gorniak	10545 Horton Road	Riga	MI	49276
Tamara Gorniak	10545 Horton Road	Riga	MI	49276
Anita Gozdziewski	7077 Riga Hwy	Riga	MI	49276
Ronald Gozdziewski	7077 Riga Hwy	Riga	MI	49276
Dennis Green	8405 Thompson Hwy	Blissfield	MI	49228
Dema Green	8405 Thompson Hwy	Blissfield	MI	49228
Raymond Griffin	8590 Tagsold Hwy	Riga	MI	49276
Mary Griffin	8590 Tagsold Hwy	Riga	MI	49276
William Honn	8615 Tagsold Hwy	Riga	MI	49276
Pamela Honn	8615 Tagsold Hwy	Riga	MI	49276
Edward Jeffrey	7997 Riga Hwy	Riga	MI	49276
Josephine Jeffrey	7997 Riga Hwy	Riga	MI	49276
Ted Judson	12032 Silberhorn Hwy	Blissfield	MI	49228
Janet Judson	12032 Silberhorn Hwy	Blissfield	MI	49228
David Kimmelman	13505 US Highway 223	Riga	MI	49276
Deborah Kimmelman	13505 US Highway 223	Riga	MI	49276
Eugene Knoblauch	13696 Mulberry Road	Ottawa Lake	MI	49267
Patricia Knoblauch	13696 Mulberry Road	Ottawa Lake	MI	49268
Paula Knoblauch	13696 Mulberry Road	Ottawa Lake	MI	49269
Agnes Knoblauch	12853 Mulberry Road	Ottawa Lake	MI	49269
David Koppelman	7850 Riga Hwy	Riga	MI	49276
Betsy Koppelman	7850 Riga Hwy	Riga	MI	49276
Thomas Minoske	9728 Riga Hwy	Riga	MI	49276
Shannon Minoske	9728 Riga Hwy	Riga	MI	49276
Dean Nieman	11856 Berkey Hwy	Blissfield	MI	49228
Barb ara Nieman	11856 Berkey Hwy	Blissfield	MI	49228
John Ostrander	11249 Ottawa Lake Road	Blissfield	MI	49228
Susan Ostrander	11249 Ottawa Lake Road	Blissfield	MI	49228
Laura Ostrander	11249 Ottawa Lake Road	Blissfield	MI	49228
Julie Ostrander	11249 Ottawa Lake Road	Blissfield	MI	49228
Karen Ostrander	11249 Ottawa Lake Road	Blissfield	MI	49228
Katie Ostrander	11249 Ottawa Lake Road	Blissfield	MI	49228
Joseph Pocs	755 Lane St	Blissfield	MI	49228
Sally Pocs	755 Lane St	Blissfield	MI	49228
David Portala	7312 Riga Hwy	Riga	MI	49276

Lisa Portala	7312 Riga Hwy	Riga	MI	49276
Aimee Portgala	7312 Riga Hwy	Riga	MI	49276
Dianna Raine	11757 Berkey Hwy	Blissfield	MI	49228
Chad Raine	11757 Berkey Hwy	Blissfield	MI	49228
David Sayler	7790 Berkey Hwy	Blissfield	MI	49228
Connie Sayler	7790 Berkey Hwy	Blissfield	MI	49228
Mary Sedlace	12875 Thompson Hwy	Blissfield	MI	49228
Gary Sedlace	9388 Yankee Road	Blissfield	MI	49228
William Sell	8328 Silberhorn Hwy	Riga	MI	49276
Monica Sell	8328 Silberhorn Hwy	Riga	MI	49276
Joseph Shrader	9338 Mulberry Road	Blissfield	MI	49228
\Lucas Shrader	9338 Mulberry Road	Blissfield	MI	49228
Gary Silwester	10175 Berkey Hwy	Blissfield	MI	49228
Christine Silwester	10175 Berkey Hwy	Blissfield	MI	49228
Kirk Smith	9896 Riga Hwy	Riga	MI	49276
Nancy Smith	9896 Riga Hwy	Riga	MI	49276
Ronald Smith	11198 Rodesiler Hwy	Ottawa Lake	MI	49267
Marlene Smith	11198 Rodesiler Hwy	Ottawa Lake	MI	49267
Henry Smith	7150 Silberhorn Hwy	Blissfield	MI	49228
Tammy Smith	7150 Silberhorn Hwy	Blissfield	MI	49228
Trela Smith	9999 Silberhorn Hwy	Riga	MI	49276
Todd Smith	8777 Thompson Hwy	Blissfield	MI	49228
Sara Smith	8777 Thompson Hwy	Blissfield	MI	49228
Wayne Walters	8916 Lipp Hwy	Riga	MI	49276
Ruth Walters	8916 Lipp Hwy	Riga	MI	49276
James Walters	9023 Tagsold Hwy	Riga	MI	49276
Susan Walters	9023 Tagsold Hwy	Riga	MI	49276
Joseph Wright	10736 Silberhorn Hwy	Blissfield	MI	49228
Todd Zimmerman	12153 Ottawa Lake Road	Riga	MI	49276
Kimberly Zimmerman	12153 Ottawa Lake Road	Riga	MI	49276
Donald Zimmerman	12939 Ridgeville Road	Ottawa Lake	MI	49267
Larry Zimmerman	10528 Riga Hwy	Riga	MI	49276
Diane Zimmerman	10528 Riga Hwy	Riga	MI	49276
Robert Ziss	11564 Berkey Hwy	Blissfield	MI	49228
Robert Gideon	735 Main St	Frankfort	MI	49635
Sharon and Richard Greenway	2984 N Lakeshore Dr	Port Hope	MI	48468
Gene and Judy Jankowski	9420 Montgomery Blvd	Pentwater	MI	49449
Steve Wentworth	2614 Herron Rd	Frankfort	MI	49635

Statement of Invenergy, LLC 1

April 25, 2012

Jerry Levy
Vice President, Administration
Invenergy LLC
1 S. Wacker Drive
Chicago, IL 60606
312-582-1418
jlevy@invenergyllc.com

RE: Hearing on Certain Expiring Tax Provisions

Dear Honorable Members of the Ways & Means Committee:

I am writing to respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I'm Jerry Levy, Vice President, Administration for Invenergy, one of the country's leading clean energy companies, based in Chicago. Invenergy (www.invenergyllc.com) has developed and placed in service more than 4,700 MW of renewable and natural gas-fueled power generation facilities in the United States, Canada, and Europe, and we're America's largest independent wind power generation company.

Invenergy has developed and placed in service 26 wind farms in the United States. We have a robust pipeline for additional wind project opportunities, but most of these projects have ground to a halt because the Production Tax Credit (PTC), an important component of our project economics, is due to expire at the end of 2012. We – like others in the wind energy industry – continue to await action by Congress approving an extension of the federal wind energy PTC. It is urgent that the extension is approved as soon as possible, as new investments are already stalling, forcing job losses in this growing sector.

The federal PTC is an effective tool to keep electricity rates low and to encourage development of proven clean energy projects. Equipped with the PTC, the wind energy industry has contributed impressively to U.S. economic development as costs continue to come down:

* Since 2005, the wind industry has spurred more than $60 billion of investment.
* Today, over 400 facilities – in 43 states - manufacture for the wind energy industry.
* Wind now powers the equivalent of 10 million American homes

Let's continue to create economic opportunities for Americans through clean, affordable, homegrown wind energy. I urge the committee to take up an extension of the wind energy PTC right away.

Your time and consideration are much appreciated.

Sincerely,

Jerry Levy

Statement of Invenergy, LLC 2

April 25, 2012

James Molholm
Manager, Wind Assessment
Invenergy LLC
1 South Wacker Drive
Suite 1900
Chicago, Illinois 60606
312-582-1506
jmolholm@invenergyllc.com

RE: Hearing on Certain Expiring Tax Provisions

Dear Honorable Members of the Ways & Means Committee:

I am writing to respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I'm James Molholm, Manager of Wind Assessment for Invenergy, one of the country's leading clean energy companies, based in Chicago. Invenergy (www.invenergyllc.com) has developed and placed in service more than 4,700 MW of renewable and natural gas-fueled power generation facilities in the United States, Canada, and Europe, and we're America's largest independent wind power generation company.

Invenergy has developed and placed in service 26 wind farms in the United States. We have a robust pipeline for additional wind project opportunities, but most of these projects have ground to a halt because the Production Tax Credit (PTC), an important component of our project economics, is due to expire at the end of 2012. We – like others in the wind energy industry – continue to await action by Congress approving an extension of the federal wind energy PTC. It is urgent that the extension is approved as soon as possible, as new investments are already stalling, forcing job losses in this growing sector.

The federal PTC is an effective tool to keep electricity rates low and to encourage development of proven clean energy projects. Equipped with the PTC, the wind energy industry has contributed impressively to U.S. economic development as costs continue to come down:

* Since 2005, the wind industry has spurred more than $60 billion of investment.
* Today, over 400 facilities – in 43 states - manufacture for the wind energy industry.
* Wind now powers the equivalent of 10 million American homes

Let's continue to create economic opportunities for Americans through clean, affordable, homegrown wind energy. I urge the committee to take up an extension of the wind energy PTC right away.

Your time and consideration are much appreciated.

Sincerely,

James Molholm

Statement of Invenergy, LLC 3

April 25, 2012

Ryan Bollenbacher, P.E.
Project Engineer
Invenergy LLC
One South Wacker Drive Suite 1900
Chicago, IL 60605
312.224.1441
rbollenbacher@invenergyllc.com

RE: Hearing on Certain Expiring Tax Provisions

Dear Honorable Members of the Ways & Means Committee:

I am writing to respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I'm Ryan Bollenbacher, a Project Engineer for Invenergy, one of the country's leading clean energy companies, based in Chicago. Invenergy (www.invenergyllc.com) has developed and placed in service more than 4,700 MW of renewable and natural gas-fueled power generation facilities in the United States, Canada, and Europe, and we're America's largest independent wind power generation company.

Invenergy has developed and placed in service 26 wind farms in the United States. We have a robust pipeline for additional wind project opportunities, but most of these projects have ground to a halt because the Production Tax Credit (PTC), an important component of our project economics, is due to expire at the end of 2012. We – like others in the wind energy industry – continue to await action by Congress approving an extension of the federal wind energy PTC. It is urgent that the extension is approved as soon as possible, as new investments are already stalling, forcing job losses in this growing sector.

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Sincerely,

Ryan Bollenbacher, P.E.

Statement of Invenergy, LLC 4

April 25, 2012

Cody Wade
Wind Turbine Technician
Invenergy LLC
28191 CR 74
Peetz, Co 80747
(970)- 520-5182
CWADE@invenergyllc.com

RE: Hearing on Certain Expiring Tax Provisions

Dear Honorable Members of the Ways & Means Committee:

I am writing to respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I'm *Cody Wade, wind turbine technician* for Invenergy, one of the country's leading clean energy companies, based in Chicago. Invenergy (www.invenergyllc.com) has developed and placed in service more than 4,700 MW of renewable and natural gas-fueled power generation facilities in the United States, Canada, and Europe, and we're America's largest independent wind power generation company.

Invenergy has developed and placed in service 26 wind farms in the United States. We have a robust pipeline for additional wind project opportunities, but most of these projects have ground to a halt because the Production Tax Credit (PTC), an important component of our project economics, is due to expire at the end of 2012. We – like others in the wind energy industry – continue to await action by Congress approving an extension of the federal wind energy PTC. It is urgent that the extension is approved as soon as possible, as new investments are already stalling, forcing job losses in this growing sector.

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Your time and consideration are much appreciated.

Sincerely,

Cody Wade

Statement of Invenergy, LLC 5

April 25, 2012

RE: Hearing on Certain Expiring Tax Provisions

Dear Honorable Members of the Ways & Means Committee:

I am writing to respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I'm Lanny Copeland, an Operations Manager for Invenergy, one of the country's leading clean energy companies, based in Chicago. Invenergy (www.invenergyllc.com) has developed and placed in service more than 4,700 MW of renewable and natural gas-fueled power generation facilities in the United States, Canada, and Europe, and we're America's largest independent wind power generation company.

Invenergy has developed and placed in service 26 wind farms in the United States. We have a robust pipeline for additional wind project opportunities, but most of these projects have ground to a halt because the Production Tax Credit (PTC), an important component of our project economics, is due to expire at the end of 2012. We – like others in the wind energy industry – continue to await action by Congress approving an extension of the federal wind energy PTC. It is urgent that the extension is approved as soon as possible, as new investments are already stalling, forcing job losses in this growing sector.

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Your time and consideration are much appreciated.

Sincerely,

Lanny Copeland
Operations Manager
Invenergy LLC
McAdoo Energy Center
401 W CR 193
McAdoo, Texas 79243
806-697-2695
lcopeland@invenergyllc.com

Statement of Invenergy, LLC 6

Written Comments for the Record: Hearing on Certain Expiring Tax Provisions

House Ways and Means Subcommittee on Select Revenue Measures

April 26, 2012

Comments submitted by:

Joe Condo

Vice President and General Counsel

Invenergy LLC

One South Wacker Drive, Suite 1900

Chicago, IL 60606

Phone: 312-582-1465

jcondo@invenergyllc.com

Invenergy LLC urges the U.S. Congress to extend the wind energy production tax credit (PTC) as quickly as possible. Invenergy develops, owns, and operates power generation facilities in North America and Europe, having developed over 6,600 MW of utility-scale renewable and natural gas-fueled power generation facilities in the United States, Canada, and Europe. With over 2,000 megawatts (MW) of wind placed in service or in construction, we are North America's largest independent wind power generation company.

The domestic wind projects we have built have one common theme beyond the provision of clean, non-polluting energy – they have brought critical economic development to largely rural communities, in some cases during recessionary periods when nothing positive was taking place. Wind is unique among all energy sources in that it allows for direct economic participation in projects by local residents. We count thousands of rural landowners as our partners. In many of our communities, we are the largest contributor to the local tax base, and our projects have in some cases resulted in the continuation of important items, such as school extracurricular activities, that were to be cut due to budgetary constraints.

The 20-year history of the PTC includes several occasions when, due to extensions either very near the expiration date or even after expiration, the wind industry has experienced dramatic boom and bust cycles. As with any industry, policy certainty is a critical factor necessary for growth, which is why it is so important that the Ways and Means Committee to take up the PTC extension as soon as possible.

The federal PTC has proven to be a key driver in the development of the wind industry and the resulting continual reduction in the cost of wind over the years. Today's wind turbines generate 30% more electricity per turbine today than five years ago. Since 2007, over 35,000 MW – about three-quarters of total US wind power – have been constructed, which is 35% of <u>all</u> new electric generating capacity in the last five years. With wind, consumers receive pollution-free energy that has a fuel cost of zero, thereby hedging against unpredictable fossil fuel prices.

It is unquestioned that the PTC has invigorated domestic manufacturing at a time when the country desperately needs manufacturing jobs to stay at home. In the last few years, many manufacturing companies built factories in the US, or retooled existing facilities, to build wind turbine components. Today, the turbines we buy use over 60% US-made components.

As a major developer of wind projects, the lack of any medium-to-long-term certainty has a chilling impact on our plans for domestic wind development. We have multiple projects which would go into service in 2013 that are essentially "shovel-ready" but for an extension of the PTC. However, the uncertainty is forcing those projects to idle. Invenergy is an American-owned, American based company that very much wants to continue to grow here in the US. But sadly, the failure to achieve policy certainty may stunt our potential and cause the communities we want to build in to lose the much-needed economic development we bring. We therefore urge Congress to take immediate action to extend the PTC.

Statement of Invenergy, LLC 7

April 25, 2012

Utopia Hill
Sr. Manager, Procurements/Supply Chain
Invenergy LLC
One South Wacker Drive, Suite 1900
Chicago, Illinois 60606
312-582-1442
uhill@invenergyllc.com

RE: Hearing on Certain Expiring Tax Provisions

Dear Honorable Members of the Ways & Means Committee:

I am writing to respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I'm *Utopia Hill, Sr. Manager of Procurements and Supply Chain* for Invenergy, one of the country's leading clean energy companies, based in Chicago. Invenergy (www.invenergyllc.com) has developed and placed in service more than 4,700 MW of renewable and natural gas-fueled power generation facilities in the United States, Canada, and Europe, and we're America's largest independent wind power generation company.

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Let's continue to create economic opportunities for Americans through clean, affordable, homegrown wind energy. I urge the committee to take up an extension of the wind energy PTC right away.

Your time and consideration are much appreciated.

Sincerely,

Utopia Hill

INVESTMENT
COMPANY
INSTITUTE

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202/326-5800 www.ici.org

Statement of the Investment Company Institute
Hearing on "Tax Reform and Tax-favored Retirement Accounts"
Committee on Ways and Means
United States House of Representatives

April 17, 2012

The Investment Company Institute[1] is pleased to provide this written statement in connection with the hearing on April 17, 2012, in the U.S. House of Representatives Committee on Ways and Means titled "Tax Reform and Tax-Favored Retirement Accounts." The Institute strongly supports efforts to promote retirement security for American workers. We thank Chairman Camp and Ranking Member Levin for their past support of retirement savings plan improvements, including provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Pension Protection Act of 2006 (PPA). Reflecting these improvements, Americans currently have about $18 trillion saved for retirement, with more than half of that amount in defined contribution (DC) plans and individual retirement accounts (IRAs).[2] About half of DC plan and IRA assets are invested in mutual funds, which makes the mutual fund community especially attuned to the needs of retirement savers.

As noted by this Committee, "the major components of retirement security are Social Security, employer-sponsored plans, and personal savings."[3] While Social Security is outside the scope of this hearing, no assessment of employer-sponsored plans and IRAs can avoid a discussion of the significance of Social Security in ensuring retirement security—or retirement income adequacy—for American workers. In this respect, Social Security is the primary element for the majority of American retirees[4] and replaces significant portions of income for lower-income retirees. Social Security replaces 71 percent of average annual lifetime household earnings for the lowest lifetime household earnings quintile; 43 percent for the middle lifetime household earnings quintile; and 30

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[1] The Investment Company Institute is the national association of U.S. investment companies, including mutual funds, closed-end funds, exchange-traded funds (ETFs), and unit investment trusts (UITs). ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. Members of ICI manage total assets of $13.4 trillion and serve over 90 million shareholders.

[2] See Tables 1, 6, and 12 in Investment Company Institute, "The U.S. Retirement Market, Fourth Quarter 2011" (April 2012); available at www.ici.org/info/ret_11_q4_data.xls.

[3] *See* Committee Hearing Announcement released April 10, 2012.

[4] Since 1975, there has been little change in the importance of Social Security benefits in providing retiree income. Social Security benefits continue to serve as the foundation for retirement security in the United States and represent the largest component of retiree income and the predominant income source for lower-income retirees. In 2010, Social Security benefits were 57 percent of total retiree income and 87 percent of income for retirees in the lowest 40 percent of the income distribution. Even for retirees in the highest income quintile, Social Security benefits represented one-third of income in 2010. *See* Figure 3 in Brady and Bogdan, "A Look at Private-Sector Retirement Plan Income After ERISA, 2010," *ICI Research Perspective* 17, no. 9 (December 2011); available at www.ici.org/pdf/per17-09.pdf.

percent for the highest lifetime household earnings quintile.[5] Since the enactment of the Employee Retirement Income Security Act of 1974 (ERISA), increasing numbers of retirees also receive benefits from private-sector pension plans (defined benefit (DB) and DC) and receive more in benefits from these plans.[6] Moreover, it is projected that more than 60 percent of 401(k) participants in their late 30s to mid-40s, who will turn 65 between 2030 and 2039, will accumulate enough in their 401(k) accounts to replace more than half their salary.[7] These statistics speak to the success of the changes implemented over the past 35 years. A crucial component of this success is the current retirement savings tax incentives, including the contribution rates, that motivate saving and encourage employers to maintain and contribute to employer-sponsored plans. While it is important to consider how the retirement system can be improved, Congress should not throw out decades of progress by taking away the ability of American workers to make full use of the retirement vehicles they value so strongly in supplementing their Social Security benefits. Consistent with the views of the overwhelming majority of Americans,[8] we urge Congress to maintain the current retirement savings tax incentives, including the contribution rates, and allow our successful employer-provided retirement system to flourish.[9]

CONTRARY TO CONVENTIONAL WISDOM, INCOME FROM EMPLOYER-SPONSORED PLANS IS INCREASING

Retirement policy discussions often start from the premise that retirees' pension income has fallen over time. Looking at the entire period from 1975 to 2010, the data show that, contrary to conventional wisdom, private-sector pension income has become more, not less, prevalent over time. Across all income groups, retirement income from employer-sponsored retirement plans is more prevalent among retirees today than in the mid-1970s, when sweeping new retirement plan regulations were enacted under ERISA.[10] In 2010, 31.5 percent of retirees received income—either directly or through a spouse—from private-sector retirement plans, compared with 21.3 percent in 1975 (see figure below).[11] The median income received by those with private-sector pension income

[5] Figures represent the median initial replacement rates for retired workers in the 1940s birth cohort. *See* Exhibit 10 in Congressional Budget Office, *CBO's 2011 Long-Term Projections for Social Security: Additional Information* (August 2011); available at www.cbo.gov/sites/default/files/cbofiles/ftpdocs/123xx/doc12375/08-05-long-termsocialsecurityprojections.pdf.

[6] *See* Brady and Bogdan, "A Look at Private-Sector Retirement Plan Income After ERISA, 2010," *ICI Research Perspective* 17, no. 9 (December 2011); available at www.ici.org/pdf/per17-09.pdf.

[7] Americans in their late 30s to mid-40s represent the first segment of the population that could potentially participate in a 401(k) plan during their entire working careers. Today's Baby Boom Generation typically entered the workforce in the early 1970s—a decade before the introduction of 401(k) plans. *See* Holden and VanDerhei, "Can 401(k) Accumulations Generate Significant Income for Future Retirees?" *ICI Perspective* 8, no. 3, and *EBRI Issue Brief* (November 2002); available at www.ici.org/pdf/per08-03.pdf. The EBRI/ICI 401(k) Projection Model also explored the potential impact of automatic enrollment on 401(k) accumulations. *See* Holden and VanDerhei, "The Influence of Automatic Enrollment, Catch-Up, and IRA Contributions on 401(k) Accumulations at Retirement," *ICI Research Perspective* 11, no. 2, and *EBRI Issue Brief* (July 2005); available at www.ici.org/pdf/per11-02.pdf.

[8] *See* Figures 6 and 7 in Holden and Bass, *America's Commitment to Retirement Security: Investor Attitudes and Actions*, Investment Company Institute (January 2012); available at *www.ici.org/pdf/ppr_12_retir_sec_update.pdf* and discussed later in this statement.

[9] In this respect, the increases in retirement plan participation rates resulting from the implementation of automatic enrollment and automatic increase provisions attest to the dramatic impact that even small changes building upon the existing system can have on improving retirement savings for American workers. *See* note 24, infra.

[10] *See* Brady and Bogdan, "A Look at Private-Sector Retirement Plan Income After ERISA, 2010," *ICI Research Perspective* 17, no. 9 (December 2011); available at www.ici.org/pdf/per17-09.pdf.

[11] Overall, in 2010, 46 percent of retirees had income from private-sector pensions, government pensions, or both. In 1975, 34 percent of retirees had income from private-sector pensions, government pensions, or both. Data are ICI tabulations of the Current Population Survey (CPS). *See* Figure 4 in Brady and Bogdan, "A Look at Private-Sector Retirement Plan Income After ERISA, 2010," *ICI Research*

increased to $6,000 per person in 2010 from $4,538 in 1975 (in 2010 dollars). Further, because the survey data used to analyze retiree income do not fully capture payments from DC plans and IRAs, the increase in pension income since ERISA is likely understated.[12]

Retirees Receive More Income from Private-Sector Pensions (DB and DC)
On a per capita basis, median, 2010 dollars, selected years

	1975	1980	1985	1990	1995	2000	2005	2010
Share of retirees with private-sector pension income	21.3%	24.7%	28.1%	34.0%	34.2%	32.7%	34.3%	31.5%

Source: ICI tabulations of the March Current Population Survey; see Brady and Bogdan, "A Look at Private-Sector Retirement Plan Income After ERISA, 2010" *ICI Research Perspective* (December 2011)

This rise in private-sector pension income likely reflects changes in the pensions offered. Since ERISA, an increasing share of private-sector workers has worked for employers that sponsor DC plans, offsetting a decreasing share that has worked for employers that sponsor DB plans.[13] This rise in DC plan coverage has resulted in a rising number of households with retirement assets. In addition, accelerated vesting requirements and other rule changes have led to more DB plan participants receiving benefits.[14]

Perspective 17, no. 9 (December 2011); available at www.ici.org/pdf/per17-09.pdf; and Table 19 in Brady and Bogdan, "Supplemental Tables for A Look at Private-Sector Retirement Plan Income After ERISA, 2010;" available at www.ici.org/info/per17-09_data.xls.

[12] The CPS understates DC plan distributions and IRA withdrawals. *Ibid* and *see* discussion and Figure 20 in Sabelhaus and Schrass, "The Evolving Role of IRAs in U.S. Retirement Planning," *Investment Company Institute Fundamentals* 15, no. 3 (November 2009); available at www.ici.org/pdf/per15-03.pdf.

[13] By 1998, 56 percent of active participants in private-sector retirement plans were covered by a primary DC plan, and 36 percent had a supplemental DC plan. In contrast, in 1975, 87 percent of active participants in private-sector retirement plans had primary coverage through DB plans, dropping steadily over time to below 50 percent by the mid-1990s. Data reported are from reports published by the U.S. Department of Labor. Primary plan status and secondary plan status are not reported on Form 5500. For firms with multiple pension plans, the status was inferred by DOL analysts. Data are available through 1998; after 1998, DOL no longer inferred primary and secondary status for plans. For the 1975 data, *see* U.S. Department of Labor, Pension and Welfare Benefits Administration (now Employee Benefits Security Administration), *Private Pension Plan Bulletin, Abstract of 1992 Form 5500 Annual Reports*, no. 5 (Winter 1996). *See* also U.S. Department of Labor, Pension and Welfare Benefits Administration (now Employee Benefits Security Administration), *Private Pension Plan Bulletin, Abstract of 1998 Form 5500 Annual Reports*, no. 11 (Winter 2001–2002); available at www.dol.gov/ebsa/pdf/1998pensionplanbulletin.pdf. These data are summarized in Figure 2 in Brady and Bogdan, "A Look at Private-Sector Retirement Plan Income After ERISA," *ICI Research Perspective* 16, no. 2 (November 2010); available at www.ici.org/pdf/per16-02.pdf.

[14] *See* discussion on page 4 of Brady and Bogdan, "A Look at Private-Sector Retirement Plan Income After ERISA, 2010," *ICI Research Perspective* 17, no. 9 (December 2011); available at www.ici.org/pdf/per17-09.pdf.

DB plan coverage does not always translate into receipt of pension income. Many retirees may have worked for companies that offered DB plans, but, because private-sector workers change jobs often, the combination of long vesting periods and back-loaded benefit accrual resulted in many retirees receiving little or no retirement income from the plans. The belief in a golden age of pensions—a time in our history when most private-sector workers retired with a monthly pension check that replaced a significant amount of their salary—is not supported by the facts. Furthermore, the typical amount of private-sector pension income observed in the historical data can be generated by relatively modest accumulations in DC plans or IRAs. Indeed, Congressional Research Service (CRS) analysis of pre-retiree households' balance sheets finds that the median accumulation in DC plans and IRAs is $100,000, which is estimated to generate $8,400 per household per year in retirement income.[15]

THE DEFINED CONTRIBUTION SYSTEM IS WORKING FOR MILLIONS OF AMERICAN WORKERS

With most households having accrued DB promises, retirement assets, or both by retirement age,[16] and with the overall pension income of retirees rising, the data suggest the shift to DC plans has been beneficial to American workers.[17] Nevertheless, DC plans continue to attract criticism and unfavorable comparisons to DB plans. As noted earlier, the reality is that workers never were universally covered by the DB system, and even those who were covered did not accrue significant benefits unless they stayed at one employer for an entire career. In contrast, because of their portability, DC plans are well-suited to a mobile workforce.[18] DC plans also serve households across all ages and incomes. There are a number of other indicators of the success of the DC plan system.

- 401(k) plan design provides discipline to save for retirement paycheck-by-paycheck and a range of investment options. On average, research conducted in a collaborative effort with EBRI finds that 401(k) plan participants have age-appropriate asset allocations.[19] ICI research finds that 401(k) investors have concentrated their mutual fund investments in lower-cost funds.[20] In recent years, the availability and use of target date funds have expanded.[21]

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[15] CRS analysis of Survey of Consumer Finances data: "For example, if the median retirement account balance of $100,000 among households headed by persons 55 to 64 years old in 2007 were converted to an annuity, it would provide a monthly income of $700 per month ($8,400 annually) to a man retiring at age 65 in 2009." *See* Purcell, "Retirement Savings and Household Wealth in 2007," *CRS Report for Congress*, RL30922 (April 8, 2009).

[16] *See* discussion in text on p. 10 of this statement.

[17] It is too soon to evaluate fully the impact of 401(k) plans because today's retirees have not had full careers with such plans. However, research finds that full careers with DC plans generate significant nest eggs and replacement rates. *See* discussion later in this statement and notes 22–25, *infra*.

[18] As an indicator of workforce mobility, consider average job tenure among American wage and salary workers. In January 2010, the median tenure that wage and salary workers age 25 or older had at their current employers was 5.2 years and ranged from 3.1 years among those age 25 to 34, to 7.8 years among those age 45 to 54, to about 10 years among those age 55 or older. *See* U.S. Department of Labor, Bureau of Labor Statistics, "Employee Tenure in 2010," News Release USDL-10-1278 (September 14, 2010); available at www.bls.gov/news.release/pdf/tenure.pdf.

[19] *See* Figures 21 and 30 in Holden, VanDerhei, Alonso, and Bass, "401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2010," *ICI Research Perspective* 17, no. 10, and *EBRI Issue Brief* (December 2010); available at www.ici.org/pdf/per17-10.pdf.

[20] *See* Holden, Hadley, and Lutz, "The Economics of Providing 401(k) Plans: Services, Fees, and Expenses, 2010," *ICI Research Perspective* 17, no. 4 (June 2011); available at www.ici.org/pdf/per17-04.pdf.

- Even though 401(k) plans have been around for about 30 years—not even a full working career—Americans have accumulated more than $3 trillion in these plans.[22] This figure does not include hundreds of billions of dollars saved in 401(k) plans and rolled over into IRAs.[23] Median 401(k) account balance statistics are often cited as evidence of inadequacy, but these statistics are misleading because they tend to ignore other accounts that an individual might have, including other 401(k) plan accounts and IRAs. It is important to judge the retirement system as a whole. Not all workers have the same need to save in DC plans, as some will receive higher replacement rates from Social Security and some will have DB plan benefits.

- DC plans have the potential to replace a significant share of income in retirement. In 2002, EBRI and ICI projected what 401(k) plans could accumulate across a full career.[24] The EBRI/ICI 401(k) Accumulation Projection Model moves 401(k) participants through their careers, with decisions as they age that reflect actual participant behavior on contributions, asset allocations, job changes, rollovers, withdrawals, and loans. The study focuses on 401(k) participants who will turn 65 between 2030 and 2039 (now aged 38 to 47). For more than 60 percent of this cohort, their 401(k) accumulations are projected to replace more than half their salaries. Accounting for Social Security, the majority of the lowest income quartile of this cohort is projected to fully replace their salaries.

- Other studies have come to similar conclusions. In a recently published article, economist Peter Brady of ICI illustrates that most workers can achieve adequacy by supplementing Social Security benefits with income from a 401(k) plan funded with moderate contributions and invested conservatively.[25] Economists Andrew Samwick and Jonathan Skinner of Dartmouth compared typical DB plans and typical 401(k) plans under a variety of possible labor market and investment return scenarios and concluded that "generally, 401(k) plans ... are as good or better than DB plans in providing for retirement."[26] Economists James Poterba of MIT, Steven Venti of Dartmouth, and David Wise of Harvard examined current and projected 401(k) accumulations and concluded, "Our projections suggest that the advent of

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[21] *See* Holden, VanDerhei, Alonso, and Bass, "401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2010," *ICI Research Perspective* 17, no. 10, and *EBRI Issue Brief* (December 2010); available at www.ici.org/pdf/per17-10.pdf. A target date fund pursues a long-term investment strategy, using a mix of asset classes, or asset allocation, that the fund provider adjusts to become less focused on growth and more focused on income over time as the fund approaches and passes the target date, usually mentioned in the fund's name.

[22] At year-end 2011, 401(k) plans had $3.1 trillion in assets. *See* Table 4 in Investment Company Institute, "The U.S. Retirement Market, Fourth Quarter 2011" (April 2012); available at www.ici.org/info/ret_11_q4_data.xls.

[23] *See* Figure 8 in Brady, Short, Lutz, and Holden, *The U.S. Retirement Market: Third Quarter 2010*, Washington, DC: Investment Company Institute (January 2011); available at www.ici.org/pdf/ppr_11_retire_q3_10.pdf.

[24] *See* Holden and VanDerhei, "Can 401(k) Accumulations Generate Significant Income for Future Retirees?" *ICI Perspective* 8, no. 3, and *EBRI Issue Brief* (November 2002); available at www.ici.org/pdf/per08-03.pdf. The EBRI/ICI 401(k) Projection Model also explored the potential impact of automatic enrollment on 401(k) accumulations. *See* Holden and VanDerhei, "The Influence of Automatic Enrollment, Catch-Up, and IRA Contributions on 401(k) Accumulations at Retirement," *ICI Research Perspective* 11, no. 2, and *EBRI Issue Brief* (July 2005); available at www.ici.org/pdf/per11-02.pdf.

[25] *See* Brady, "Can 401(k) Plans Provide Adequate Retirement Resources?" *Public Finance Review*, vol. 40, no.2: 177-206 (March 2012).

[26] *See* Samwick and Skinner, "How Will 401(k) Pension Plans Affect Retirement Income?" *American Economic Review*, vol. 94, no. 1: 329-43 (March 2004).

personal account saving will increase wealth at retirement for future retirees across the lifetime earnings spectrum."[27]

- DC plan participants and traditional IRA-owning households are responsible stewards of their retirement nest eggs. A common criticism of DC plans is that retirees relying on this type of plan could run out of money before death.[28] Anecdotally, many believe most distributions from DC plans are lump sums that are spent, which contributes to this popular belief that people will run out of money. Research shows that a majority of individuals do not spend their lump-sum payments upon distribution, but rather roll over these funds to IRAs or other tax-deferred plans.[29] At the juncture of retirement with a DC plan balance, households indicate that they consult multiple sources of advice and information when making the distribution decision.[30] Traditional IRA-owning households typically postpone withdrawals, take withdrawals based on life expectancy, and use withdrawals to pay for living expenses.[31]

AMERICAN WORKERS SHOW STRONG SUPPORT FOR THE DEFINED CONTRIBUTION SYSTEM AND ITS ASSOCIATED TAX INCENTIVES

Americans highly value their DC plans and the features typically associated with them. A 2011 household survey demonstrated American households' strong support for key features of DC plans, including their tax benefit, and their appreciation for the investment opportunity these plans provide.[32]

- **Overwhelming support for preserving the tax incentives for retirement saving:** Eighty-five percent of all U.S. households disagreed when asked whether the tax advantages of DC accounts should be eliminated. Eighty-three percent opposed any reduction in employee contribution limits.[33]

- **Many oppose altering key features of DC plans:** Nearly 90 percent of all U.S. households disagreed with the idea that individuals should not be permitted to make investment decisions in their DC accounts. Nearly eight in 10 disagreed with the idea of replacing all retirement accounts with a government bond.[34]

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[27] *See* Poterba, Venti, and Wise, "The Changing Landscape of Pensions in the United States," *NBER Working Paper*, No. 13381 (September 2007); available at www.nber.org/papers/w13381.

[28] The danger of running out of money is not unique to DC plans. For example, just because a benefit plan payment may be regular or guaranteed for the life of the participant does not mean that the payment is sufficient to support the participant's retirement income needs.

[29] In addition, individuals also may leave the balance in the DC plan until a later date. For example, see the experience of The Vanguard Group in the DC plans that they recordkeep (Figures 90–95 in *How America Saves, 2011*; available at https://institutional.vanguard.com/iam/pdf/HAS11.pdf).

[30] *See* Sabelhaus, Bogdan, and Holden, "Defined Contribution Plan Distribution Choices at Retirement: A Survey of Employees Retiring between 2002 and 2007," *Investment Company Institute Research Series* (Fall 2008); available at www.ici.org/pdf/rpt_08_dcdd.pdf.

[31] *See* Holden and Schrass, "The Role of IRAs in U.S. Households' Saving for Retirement, 2011," *ICI Research Perspective* 17, no. 8 (November 2011); available at www.ici.org/pdf/per17-08.pdf.

[32] *See* Holden and Bass, *America's Commitment to Retirement Security: Investor Attitudes and Actions*, Investment Company Institute (January 2012); available at www.ici.org/pdf/ppr_12_retir_sec_update.pdf.

[33] *Ibid* (Figure 7).

[34] *Ibid* (Figure 7).

- **Investors like choice and control of investments:** Ninety-seven percent of all DC account–owning households agreed that it was important to have choice in, and control of, the investment options in their DC plans. Seventy-nine percent said their plan offers a good lineup of investment options.[35]

- **Most households continue to have positive attitudes toward the 401(k) system:** Sixty-five percent of all U.S. households in 2011 had favorable impressions of 401(k) and similar plan accounts, similar to 2010.[36] Nearly three-quarters of households expressed confidence DC plan accounts that could help participants reach their retirement goals.[37]

ICI's household surveys during the past three years find that even in the depths of a bear market and despite a broad economic downturn, Americans continue to be committed to saving for retirement and value the characteristics, such as the tax benefits and individual choice and control, that come with DC plans.

EFFECTIVE POLICYMAKING REQUIRES A BETTER UNDERSTANDING OF THE "COVERAGE GAP"

While the current retirement laws and policies are working well and are helping tens of millions of American workers accumulate savings and generate retirement income, some argue that the system is a failure in that not all Americans have access to an employer-sponsored plan. This perceived failure is referred to as the so-called "coverage gap." The fact is that the majority of private-sector workers needing and demanding access to pensions as part of their compensation have pension plan coverage.[38] Discussions about coverage, however, often rely on misleading or incomplete coverage statistics. Household surveys, such as the Current Population Survey (CPS), typically show lower rates of pension coverage than surveys of business establishments, such as the National Compensation Survey (NCS). For example, the CPS data show that more than half (or 77.7 million) of all workers were without pension coverage in 2010.[39] The March 2011 NCS, on the other hand, shows that 64 percent of all private-industry workers and 73 percent of all full-time private-industry workers have access to a pension.[40]

However, even if one uses the CPS data for analysis, looking below the aggregate statistics paints a significantly different picture. Of the 77.7 million workers who report that their employer does not sponsor a pension plan, 17.9 million are either federal workers, state and local workers, self-employed, or work without pay.[41] This leaves 59.8 million workers who are private-sector wage and

[35] *Ibid* (Figure 6).

[36] *Ibid* (Figure 4).

[37] *Ibid* (Figure 8).

[38] See Brady and Bogdan, "Who Gets Retirement Plans and Why, 2010," *ICI Research Perspective* 17, no. 7 (October 2011); available at www.ici.org/pdf/per17-07.pdf.

[39] *Ibid* (Figure 4). Pension coverage includes DB and/or DC plans.

[40] *See* Table 1 in U.S. Department of Labor, Bureau of Labor Statistics, "Employee Benefits in the United States – March 2011," News Release USDL-11-1112 (July 26, 2011); available at www.bls.gov/ncs/ebs/sp/ebnr0017.pdf. Pension coverage includes DB and/or DC plans.

[41] Federal, state, and local government employees are excluded from the analysis because the focus of public policy typically has been to increase access to pensions among private-sector workers. Self-employed workers are excluded because, being their own employer, they can access an employer-provided plan by exercising their option to establish a plan. *See* Figure 4 in Brady and Bogdan,

salary employees. Yet this still overstates the number on which to focus. Of these, 5.9 million are under age 21 and 2.8 million are age 65 or older. This leaves 51.0 million private-sector wage and salary employees age 21 to 64 who report that their employer does not sponsor a pension plan (*see* figure below).[42] Of these, 21.6 million are part-time, part-year workers[43] and 7.0 million are full-time, full-year workers age 21 to 29.[44] This leaves 22.4 million full-time, full-year private-sector wage and salary workers age 30 to 64 who report that their employer does not sponsor a pension plan. Of these, 6.5 million earn less than $25,000 a year[45] and 4.1 million earn $25,000 to $44,999 a year and are age 30 to 44.[46] The result is 11.8 million private-sector wage and salary employees who are likely to desire to save in the current year and who do not have access to an employer plan. But 2.2 million of these have a spouse whose employer sponsors a plan. The final result is 9.6 million private-sector wage and salary employees who are likely to desire to save in the current year and who do not have access to an employer plan through their own employer or a spouse.

"Who Gets Retirement Plans and Why, 2010," *ICI Research Perspective* 17, no. 7 (October 2011); available at www.ici.org/pdf/per17-07.pdf. Pension plans include DB and/or DC plans.

[42] *Ibid* (Figure 5).

[43] Most part-time, part-year workers have low income and high replacement rates from Social Security. They are unlikely to save for retirement in the current year if they work full-time or year-round in other years. *Ibid* (Figure 5).

[44] Few in this age group save primarily for retirement. Workers age 21 to 29 save primarily for education, the purchase of a home, or for precautionary reasons. *Ibid* (see ICI tabulations from the 2007 Survey of Consumer Finances , Figures 1 and A1, in Brady and Bogdan, "Who Gets Retirement Plans and Why: An Update," *ICI Research Perspective* 17, no.3 (March 2011); available at www.ici.org/pdf/per17-03.pdf.).

[45] The primary concern for workers earning less than $25,000 per year is they do not have enough to spend on food, clothing and shelter. In fact, many are eligible for government income assistance so that they will be able to spend more than what they earn on these items. Social Security replaces a high percentage of their lifetime earnings. In retirement, they may be considered well-off relative to their standard of living when they were working. *Ibid* (*see* Tables 41 and 42 in Brady and Bogdan "Supplemental Tables for Who Gets Retirement Plans and Why, 2010;" available at www.ici.org/info/per17-07_data.xls).

[46] Workers age 30 to 44 who earn between $25,000 and $44,999 a year may have the ability to save, but have other saving priorities, such as starting a household and having children. Given that they get a substantial replacement rate from Social Security, they are likely to delay saving for retirement until later in life–perhaps after age 44. *Ibid* (Tables 41 and 42).

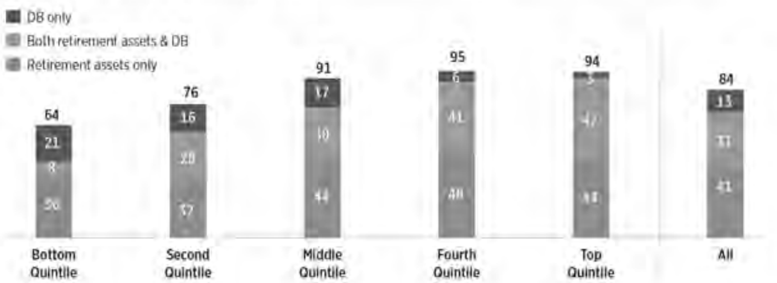
A Closer Look at Workers Whose Employer Does Not Sponsor a Retirement Plan
Millions of private-sector wage and salary workers age 21 to 64, 2010

[1] Full-time, full-year workers who earn $45,000 or more and are aged 30 to 64 or earn $25,000 to $44,999 and are aged 45 to 64.
[2] Among full-time, full-year workers aged 35 to 44, $25,000 represents the top earnings of the 20th percentile of annual earnings and $45,000 represents the top earnings for the 50th percentile of annual earnings.
Note: Components may not add to the total because of rounding.
Source: Investment Company Institute tabulations of March 2011 Current Population Survey; see Brady and Bogdan, "Who Gets Retirement Plans and Why, 2010," *ICI Research Perspective* (October 2011)

Many more workers have access to an employer plan at some point during their working careers than is implied by looking at a snapshot of coverage at any point in time. This can be seen by examining data on households approaching retirement age. The figure below shows tabulations from the Federal Reserve Board's 2007 Survey of Consumer Finances (SCF) for households approaching retirement (i.e., households with a working head age 55 to 64), including both private- and public-sector employees.[47] Eighty-four percent of these pre-retiree households had DB benefits and/or retirement account assets, and such retirement resources are spread across the income distribution. More than 90 percent of pre-retiree households in the top three income quintiles (with total household income over $55,500) had such retirement resources; three-quarters of pre-retiree households in the second income quintile (with income of $32,900 to $55,500) had such retirement resources; and almost two-thirds of pre-retiree households in the lowest income quintile (with household income of $7,200 to $32,900) had such retirement resources. Although lower-income households are less likely to have both DB plan promises and retirement account assets, this group also has less of a need to supplement Social Security with workplace or private savings to maintain their pre-retirement standard of living.

[47] Figures are ICI tabulations of the 2007 Survey of Consumer Finances. Retirement assets include DC plan accounts (e.g., 401(k), 403(b), 457, thrift plans) and IRAs.

Percentage of Pre-Retiree Households with Retirement Assets and/or DB Pension, 2007
Households with working head age 55 to 64, by income quintile, excludes top and bottom one percent of the income distribution



Source: ICI tabulations of Federal Reserve Board Survey of Consumer Finances

It is also important to remember that households with earned income have access to IRAs to save for retirement on a tax-advantaged basis. For example, Congress designed the traditional IRA with two goals in mind: (1) to create a contributory retirement account for workers without access to plans at work, and (2) to provide a rollover vehicle to preserve assets accumulated in employer-sponsored retirement plans (both DB and DC). Although a small share of individuals contributes to traditional IRAs in any given year,[48] the majority of those that contribute make repeat contributions in succeeding years.[49] In addition, many of those IRA investors contributing to traditional IRAs contribute at the limit.[50]

*   *   *

The promotion of retirement savings—whether through employer-sponsored plans or IRAs—has long been one of Congress' top priorities and legacies. More recently, Congress strengthened the private-sector retirement system by raising contribution limits in 2001 (EGTRRA) and making those provisions permanent in 2006 (PPA). We welcome this Committees' continued leadership in

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[48] A number of factors may account for this relatively low contribution rate. Two of the major determinants of individuals' decisions to contribute to traditional IRAs are their assessment of their need for additional retirement savings and their ability to deduct contributions from their taxable income. Individuals who are covered by retirement plans at work may find that they can meet their saving needs through those plans. In addition, coverage by such plans may curtail their eligibility to make tax-deductible contributions. For lower-income households, Social Security replaces a much higher fraction of pre-retirement earnings, which may reduce their need for additional retirement savings. Furthermore, there is some evidence that confusion about IRA rules may prevent some individuals from contributing.

[49] *See* Holden, Sabelhaus, and Bass, *The IRA Investor Profile: Traditional IRA Investors' Contribution Activity, 2007 and 2008*, Washington, DC: Investment Company Institute (2010); available at www.ici.org/pdf/rpt_10_ira_contributions.pdf.

[50] *Ibid.*

pursuing policies to improve our Nation's retirement system. But any changes should only build upon our existing system that, through tax incentives and other features, successfully encourages millions of Americans to accumulate savings during their working lives and therefore generate adequate income in retirement.

Statement of Jacob Houser

My name is Jacob Houser and I wish to respectfully express my opinion that renewal of the Production Tax Credit (PTC) should be done as soon as possible.

I am employed in the Wind Energy sector as an installation and service technician. Only six months ago I was a student working my way through school on an exceptionally tight budget in an attempt to expand my marketable skills in an area of our economy which seemed a logical field for meaningful employment. To my great joy, I was hired immediately out of school at a highly competitive wage with a good company that both manufactures turbine components and contracts to operate and maintain turbines. I have been traveling the country every since applying my skills in various regions, doing my part to help solidify our country's energy independence and future.

Renewable energy not only polls very favorably amongst voters for its many benefits (most importantly being energy security), but provides domestic jobs in a time when manufacturing in our country has almost become a myth. If the PTC expires, projections are that almost all growth in the wind energy sector will flat-line, the fledgling manufacturing industries that have sprung up across the country in many districts will see an automatic drop in demand and layoffs will begin industry-wide.

I think it is essential that congress not allow this to happen.

I would like to cite some statistics that I think will highlight my position:

- In 2010, approximately 85,000 US workers were employed in the Onshore Wind Energy sector. If the PTC is allowed to continue and growth rates remain consistent across the United States, by 2020, that number is projected to nearly triple. Renewal of the PTC will also encourage the recently streamlined process for offshore development which will double the total number of people employed domestically in the industry by 2020 to more than half a million. This would make it as large an industry as agricultural production. (AWEA, 2010)
- Wind Energy not only promotes jobs within the scope of its industry, but ancillary employment as well. There are over 200 training programs in the United States that have dedicated programs and staff who work to provide the advanced skills necessary for employment in Wind. The materials involved in the fabrication of turbines also generate demand in the steel industry, electronics industry and IT industry, for specialized components. (AWEA, 2010)
- As most turbines are sited on private land, leasing agreements between the companies and private land owners are often a huge economic boon for marginal communities in rural areas. On average, land owners are paid between $2,500-$5,000 per turbine per year, or 3.5% of the turbine's gross revenue. Often times, this sum is considerably more as it is tied to inflation and other conditions, such as land degradation. (Wiser, 2001)

I've heard argument that the Wind Industry (along with the solar industry) needs to prove it can be competitive by growing without subsidy by the government. This rhetoric is misleading and bears no resemblance to the actual economic system at play in the United States. The whole domestic energy sector is subsidized. Between 2002 -2009, The Environmental Law Institute estimates that fossil fuel energy subsidies amounted to upwards of $72 billion dollars. Ethanol subsidies in that same time period were approximately $17 billion. The entire renewable energy sector (excluding Ethanol) including both wind and solar accounted for a comparatively modest $5 billion dollars.

Even at 1/14th the rate of subsidy as fossil fuels, Wind and Solar are competitive. If both were to be subsidized at equal rates, thus providing no competitive advantage for fossil fuels, Wind and Solar would be far more competitive than oil, coal or natural gas.

But what I'm advocating is not even an increase- just the continuation of a program that has already proven that with very little subsidy, renewable energy is more than competitive with traditional sources, provides jobs, educational opportunities and ancillary economic benefits for communities.

Please renew the Production Tax Credit and help our country on its path of progress.

Respectfully,

Mr. Jacob E. Houser

2120 N. 49th Street

Milwaukee, WI 53208

Statement of Jacqueline Jenkins

Hearing on Certain Expiring Tax Provisions

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

-I urge the committee to take up an extension of the wind energy production tax credit right Away.

Jacqueline Jenkins
1033 Wild Flower, Floresville, TX 78114
jjenkins@volcano.net

Statement of James Beckstrom

The case for wind power generating electricity has been established, and will continue to improve exponentially, particularly with the wind energy production tax credit (PTC). Having been in the computer business since the late 60s, I remember the power of the government in bringing the transistor into the realm of commercial reality. Further, the tax breaks given to "big oil" have produced enormous results. This credit will continue to advance our move away from dependence on petroleum, a most worthwhile result, I would say even more than the transistor and its succeeding evolution.

Statement of James Nelson

Congress: Please extend the PTC

I, James C. Nelson, a retired university professor and a sustainable-business entrepreneur, ask Congress to extend the wind-energy production tax credit (PTC) now.

Why? The wind industry will use this incentive to accelerate our national conversion to sustainable energy generation, thereby providing jobs in an industry on which the survival of humanity depends. But like all industries, it must plan ahead, and for Congress to wait until or after the PTC expires means a dangerous hiatus in investment, training, manufacturing, and installing while the wind industry waits for Congress to make up its collective mind.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Respectfully and urgently,

James C. Nelson
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Magdalena, NM 87825
575 854-2259
303 246-2939
jcn@interkan.net

Statement of Jane Offringa Rowan

I, Jane Offringa Rowan, a Principal Senior Scientist in Newtown Square, Pennsylvania *respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.*

I am a wetland and water resources scientist with many years of experience in analyzing the environmental damage that takes place due to impacts associated with traditional energy production, from mining to cooling, to generation. I am a wind advocate because wind requires no water and does not impact water quality. It is a highly effective way to generate electricity without impacting air quality. Wind energy production results in some minor environmental impacts, but given the dire condition of water volume and quality in many areas in this country I believe that wind energy development is essential. In addition, I want very badly to not rely on our enemies to provide us with the fuel we need to maintain our national security and standard of living. We need to be independent of other countries and I believe the best way to achieve this is by maximizing the generation of energy in our country using a variety of means. Wind may not be a traditional way of producing electricity, but it is the only way to produce energy without impacting the environment. Maximizing wind development could be a great way to invest in the "grid", that will keep electricity flowing consistently in the United States.

Finally, wind energy production and the need for fabrication of wind turbines in our country will produce jobs. The wind energy development community tends to consist of small entrepreneurs and I think it is essential that we support the development and success of this business sector that seems to be running more because of their passion for clean energy production than for generating a lot of corporate dollars.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Thank you for the opportunity to comment.

Best regards,

Jane O. Rowan

Statement of Janet and Alfonso Grillo

We urge the House Ways and Means Committee to extend the wind energy production tax credit (PTC).

Thank you,
Janet & Alfonso Grillo

Statement of Janet Hirschhorn

4/25/12

from:
Janet Hirschhorn LPN
58 Ashland Ave
Methuen, MA 01844-7007
978-258-2801
foodistruth@verizon.net

Title of Hearing: Hearing on Certain Expiring Tax Provisions

To House Ways and Means Committee:

I, Janet Hirschhorn, a nurse from Methuen MA, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I would like to see it made a permanent part of our tax code, as the need it fills is not a temporary one.

Congress should not wait to extend the credit until just before or after it expires, in order to eliminate election oriented grandstanding from negatively impacting this important legislation. I don't want to see it become just another bargaining chip.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. Wind farms generate revenue for our communities and, by eliminating pollution, protect the health and safety of our citizens.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is not only environmentally responsible. It is also a political imperative as a way to take our energy dollars out of the hands of foreign oil producers, thus reducing our trade imbalance and taking power away from sometimes hostile governments.

This tax credit provides an incentive for the wind industry to continue to accomplish all these goals.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Janice Hallman

April 24, 2012

HOUSE WAYS AND MEANS COMMITTEE

HEARING ON CERTAIN EXPIRING TAX PROVISIONS

RE: EXTENSION OF THE WIND ENERGY PRODUCTION TAX CREDIT (PTC)

For years our country has provided tax incentives and subsidies to grow our energy production, mostly in fossil fuels. Increasing the amount of power that the U.S. gets from clean, homegrown, affordable resources like wind and solar, is an excellent thing for us to do.

The wind energy production tax credit drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farms as I have traveled around our country, revitalizing construction jobs, providing maintenance jobs in the long term, and generating revenue for hospitals, schools, and the states over the lifetime of the projects.

I urge the House Ways and Means Committee to take up an extension of the wind energy production tax credit right away, and make it last at least 5-10 years, in order to keep the development of this power and job creation going over a longer period of time. We say we want American energy and more jobs. Extending help for wind energy production is a way to do both at the same time. It's a no brainer!!

Thanks for listening to my comment.

Janice Ray Hallman
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CASHMAN

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6/28/2012

Ways and Means Committee Office
1102 Longworth House Office Building
Washington D.C. 20515

Dear Committee Members,

As you are keenly aware, the U.S. economy is struggling to emerge from recession and is currently crippled by high unemployment in many parts of the nation. One bright area that has shown job growth during this difficult time is renewable energy. Our renewable energy affiliate, Patriot Renewables, has recently put hundreds of people to work on various wind power projects in the region. We have several additional projects ready to move forward in the next couple of years, however uncertainty surrounding the federal Production Tax Credit (PTC) extension makes future planning and development very difficult.

While the industry was fortunate to gain short-term extensions in the past, these shorter time periods create uncertainty and a "boom-and-bust" cycle of short-term planning, bi-annual job and layoff cycles, higher cost turbines, and ultimately higher energy costs. Without a long-term policy, manufacturers are discouraged from investing in, and expanding, manufacturing facilities in the U.S., and investors shy away from developing new projects. For these reasons, the wind industry seeks a multi-year extension of the PTC at full value to ensure consistency and market certainty.

There are several negative consequences of Congress waiting until the last minute to extend the PTC, as the industry has seen in the past. At least six to eight months before the tax credit expires, investors hesitate to provide capital for wind projects because of the uncertainty created by the impending expiration of the credit. This stalls wind project development, and adds costs. The same issue occurs on the manufacturing side. For these reasons, we urge Congress to pass legislation that provides a long-term extension of the PTC this year.

The PTC is a positive program for both the developers and federal government. It provides a tax credit to wind projects that would not have otherwise been built. Any long-term tax revenue paid by a project, not to mention the jobs and supporting industries that support these projects, are a positive source of tax revenue that would not have occurred without the PTC.

If the PTC were to lapse and fail to be extended, our group and a vast majority of the wind industry would shutdown. All of our projects are developed utilizing the PTC as an essential revenue source to make these project economic and to reduce the price of power to consumers. Without an extension of the PTC all of our projects would be on hold indefinitely and all future development work would be suspended.

CASHMAN

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For nearly 100 years, old technologies like coal and oil have benefited from policy stability that provides a consistent environment in which to plan, operate, and grow. Those of us in the wind power industry simply ask now for the same opportunity. I strongly urge you to take up an extension of the wind energy production tax credit, so that the industry can grow and realize scale economies, and ultimately become even more competitive.

Sincerely,

Jay Cashman, Chairman of the Board

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jay@jaycashman.com

Statement of Jeff and Debi Feuerbacher

April 28, 2012

To: U.S. House Ways and Means Committee

Subject: Hearing on Certain Expiring Tax Provisions, the PTC

We, Jeff and Debi Feuerbacher from Little Rock, Arkansas, respectfully urge the Congress to ***extend the wind energy Production Tax Credit (PTC)*** as quickly as possible.

The PTC drives billions of dollars in investments into American jobs created through the manufacturing of the thousands of components of wind and transmission lines as well as raw materials supplied to wind manufacturing, such as steel and paint. In addition, many other business sectors provide products, services, logistics, and distribution associated with the wind energy industry. The expansion of wind energy production that will be generated by extension of the PTC offers several economic boosts:

1. Putting people back to work, thereby increasing individual tax revenues.
2. Incentivizing manufacturers to maintain U.S. based factories, thereby sustaining corporate tax revenues.
3. Laying the groundwork for future development in urbanized settings by increasing the supply of clean energy alternatives.

The downside, if the PTC is not passed, is the risk that the people who could have the new jobs created in the wind industry and the thousands of companies who would benefit from the industry's expansion on U.S. soil will be beaten, once again by international competition. The predictable outcome would be continuing unemployment benefits, food stamps, and other strains on the federal budget that result in reducing benefits for those who are physically unable to work.

Wind has proven to be environmentally friendly and cost effective, and it represents an unlimited supply of clean, renewable energy for our future. This Production Tax Credit provides an incentive for the wind energy to contribute to the values, and benefits to all Americans we mentioned above. It just makes sense.

So, again, we urge the U.S. House Ways and Means Committee to consider the many benefits and extend the Production Tax Credit immediately.

Regards,

Jeff Feuerbacher
44 Sugarloaf Loop
Maumelle, AR 72113
fbachers@aol.com

Debi Feuerbacher
44 Sugarloaf Loop
Maumelle, AR 72113

Statement of Jeremy Barker

I, Jeremy Barker, Plant Manager, North Carolina, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I work for a major player in the wind energy business here in America and overseas and because of the PTC passing in recent years, we have been able to hire over 100 employees as full time employees because of the business and job creation that the PTC drives. It makes no sense to let these tax credits expire and let our great country move backwards in renewable energy, specifically wind. By not passing the PTC as soon as possible and with urgency our customers are waiting to see what is going to happen. Because of that we will not receive new deals and orders for these wind turbines thus causing us to have to lay off workers. America needs jobs and job creation and that is what we see all over the media and by Congress not passing this, we will start to take steps backwards. Companies can plan, strategize, and form partnerships for future contracts once this PTC passes. Please take the jobs of Americans into consideration.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Testimony of

William C. Daroff
Vice President for Public Policy &
Director of the Washington Office of
The Jewish Federations of North America

United States House Ways and Means Subcommittee on Select Revenue Measures

Hearing on

Certain Expiring Tax Provisions

April 26, 2012

Testimony of William C. Daroff
Vice President for Public Policy &
Director of the Washington Office
The Jewish Federations of North America

United States House Ways and Means Subcommittee on Select Revenue Measures
Certain Expiring Tax Provisions
April 26, 2012

Summary: The Jewish Federations of North America urges the House Ways and Means Committee to make permanent and expand the current incentive in the tax code that permits tax-free rollover of individual retirement account to charities ("IRA Charitable Rollover"). As one of the nation's largest philanthropic networks, we know first hand that targeted tax incentives such as the IRA Charitable Rollover result in increased contributions that translate into more dollars that can be spend for the overall social good. We strongly believe that if the IRA Charitable Rollover was made permanent and expanded as discussed below, it would result in even larger amounts flowing into the nonprofit sector, which would be especially beneficial as the Nation's charities seek to fill the void left by decreasing government funding and increased demands for social services during this time of economic recovery. If the IRA Charitable Rollover was expanded to include provisions contained in the "Public Good IRA Rollover Act of 2011," the amount of charitable distributions flowing from individual retirement accounts would expand greatly, at little, or no additional revenue cost to the government.

Background: The Jewish Federations of North America (herein referred to as "JFNA") is the national organization that represents and serves 157 Jewish Federations, their affiliated Jewish community foundations and 300 independent Jewish communities in more than 800 cities and towns across North America. In their communities, the Jewish Federations and Network volunteers (collectively, the "JFNA System") are the umbrella Jewish fundraising organizations and the central planning and coordinating bodies for an extensive network of Jewish health, education and social services. Thus, the JFNA System represents over one thousand affiliated agencies and serves several million individuals throughout the country.

JFNA conducts an annual fundraising campaign that collectively raises almost $1 billion system-wide each year from over 400,000 donors. In addition, the endowment departments of Federations or their affiliated Jewish community foundations raise in excess of another $1 billion each year through charitable vehicles including donor-advised funds, supporting organizations, (together referred to a "participatory funds"), which support one or more specified public charities or programs through an active grant-making program, as well as maintaining charitable income plans. The combined endowment assets of the JFNA system is in excess of $14 billion and annual endowment grants from the participatory funds and other endowment assets is approximately $1.5 billion, split between Jewish organizations and those of the general charitable sector. The IRA Charitable Rollover is another relatively recent incentive added to the income tax code which has materially increasing giving to Federations throughout the country.

IRA Charitable Rollover: A qualified tax-free distribution from individual retirement accounts provision defined in Code section 408(d)(8) was added to the federal tax law by the Pension Protection Act of 2006. Unfortunately, the provision contained an expiration date of December 31, 2007, and, as such, has joined the growing list of so-called "tax extender" items that must be renewed by Congress. The current version of the IRA charitable rollover, ***which expired on December 31, 2011***, permits individuals age 70½ to make tax-free charitable gifts of up to $100,000 directly from their individual retirement account to eligible charities. Amounts rolled over are not taken into income by the IRA owner and are not eligible for a charitable contribution deduction. However, such rollovers qualify as an annual required minimum distribution from the owner's IRA.

It is important to note that the IRA Charitable Rollover is one of the few provisions in the tax code that provides an incentive to give to charity to those taxpayers who do not itemized their deductions. As noted above, amounts that qualify for the IRA Charitable

Rollover do not qualify for a charitable contribution deduction. Such amounts, however, do not have to be taken into income, which can be equivalent to a charitable contribution deduction for the more than two-thirds of all taxpayers who do not claim itemized deductions. As House Ways And Means Subcommittee on Select Revenue Measures Chairman Pat Tiberi stated on October 21, 2011, "The charitable deduction has been in place nearly a century now…and has vastly improved life in this nation. It has fostered a strong tradition of giving, which has supported education, the arts, services to the poor, medical research and other programs that enrich communities and benefit all." The IRA Charitable Rollover, a similar type of charitable giving incentive, also helps provide charities with the necessary resources to foster social good.

Charitable gifts to JFNA received from the IRA Charitable Rollover: The existing IRA Charitable Rollover has been an overwhelming success for the charitable sector in general, and the JFNA system in particular. The IRA Charitable Rollover helps charities provide needed social services at a time when there is both an increased demand and fewer resources available from government sources. In a relatively short period of time, Jewish Federations have received **more than $30 million** in contributions from IRA charitable rollovers, through targeted campaigns, such as one to attract rollover gifts from grandparents to help fund Jewish day schools. The resulting charitable rollover gifts have enabled Jewish Federations to accelerate capital campaigns to finance new construction projects, expand existing social services programs, among other worthwhile projects. In addition, many donors have taken advantage of the IRA Charitable Rollover provision to fund an endowment for their annual Federation campaign gift. Each year since the provision has been enacted and renewed, several large Jewish Federations have received rollover contributions in excess of $1 million.

First JFNA Recommendation: Make the IRA Charitable Rollover permanent. We recommend that, at a minimum, the IRA Charitable Rollover be made a permanent part of the Federal tax code. We advance several arguments in favor of making the provision permanent:

1. The current law that allows the IRA Charitable Rollover to expire and be reenacted adds needless confusion to taxpayers, their financial advisors, and the charities that can benefit from such transfers.
2. Because multiple parties are involved in any qualified charitable distribution under Code section 408(d)(8), (the IRA owner, brokerage firms and others that maintain or act as trustees of such accounts, and public charities that qualify to receive direct distributions) the need for permanence is magnified.
3. The interaction of the qualified charitable distributions and the required minimum distribution requirements make it essential that taxpayers know the law with certainty. Potential confusion over the interaction of these two provisions can be exacerbated when Congress fails to extend the IRA Charitable Rollover provision before expiration and is forced to do so retroactively, as was the case in 2010 when the statute extending the provision was enacted in December retroactive to the prior January.

Second JFNA Recommendation: Expand current law to include provisions contained in the "Public Good IRA Rollover Act of 2011."Bi-partisan legislation to make permanent and expand the provisions of the current law IRA Charitable Rollover has been introduced in the Senate and the House. S. 557, introduced by Sens. Schumer and Snowe, with 12 cosponsors, and H.R. 2502, introduced by Reps. Herger and Blumenauer and 18 cosponsors. The major provisions in the "Public Good IRA Rollover Act of 2011" would (1) make the rollover permanent; (2) remove the current $100,000 annual cap on qualified charitable distributions; (3) allow donor advised funds, supporting organizations, and private foundations to receive qualified charitable distributions; and (4) provide IRA owners at age 59½ with a planned giving option such as using the rollover to fund a split-interest (life-income) gift through a charitable gift annuity or charitable remainder annuity trust. Although JFNA urges Congress to enact the "Public Good IRA Rollover Act of 2011" as introduced, we wish to provide specific comments regarding two of its main provisions:

- **Allow donor advised funds, supporting organizations, and private foundations to receive qualified charitable distributions.** Over the past several decades, the JFNA system has been proud of the growth in charitable giving that has been generated through planned giving vehicles. Of special importance have been participatory funds, such as donor advised funds and supporting organizations, which are essential in creating a broad base of support for the Jewish community to fulfill its social services mission, especially in times of economic distress. Participatory funds have been an indispensible tool in encouraging intergenerational involvement in Jewish charity through family philanthropy. In addition to providing financial resources for critical human services in the local Jewish and general communities, these charitable vehicles also advance the values and goals of the JFNA System through nurturing relationships between Jewish philanthropists and Federation lay and professional leadership as well establishing priorities that consider the future needs of the Jewish community.

  Such participatory vehicles provide a reliable pool of dollars to fund a variety of social service activities, in particular support of a Federation's annual campaign, which remains the top fundraising priority of Federations. Permitting, indeed encouraging, participatory funds to exist for extended periods provide greater opportunities for sponsoring organizations such as Jewish Federations to build a collaborative philanthropic relationship with the donor and the donor's family. One of the greatest strengths of the JFNA System lies in its unique ability to match donor's interests with funding needs in the Jewish community. Because donor advised funds can continue for an extended period of time, including the lifetime of the donor and spouse, heirs and additional successors, this relationship continues to grow over time and succeeding generations of Jewish community leaders can be fostered. This provides the JFNA System with a valuable tool to educate future generations of donors so that they can become effective funders in the future. As the House Ways and Means Committee continues to consider tax reform options in general, and "tax extenders" in particular, JFNA urges that growth in participatory vehicles be allowed to flourish and urge that they be included in the definition of charities that are entitled to receive qualified distributions from IRA Charitable Rollovers.

- **Provide IRA owners at age 59½ with a planned giving option such as using the rollover to fund a split-interest (life-income) gift through a charitable gift annuity or charitable remainder annuity trust.** Expansion of the IRA Charitable Rollover to permit those age 59½ to fund life-income charitable gifts could also provide additional resources to America's charities, as well as provide a safe and reliable return on investment for donors who chose this option. Gift annuities have a long history as a well-regulated and popular method of fundraising for charitable institutions. Existing state and federal regulations will assure that proper benefits accrue to both the charity and donor and expansion of the IRA Charitable Rollover to cover such gift arrangements should not result in any additional revenue loss because the annual payments to donors would remain taxable at ordinary income rates.

The Importance of Tax Incentives in the Internal Revenue Code: Similar to many other large national charities, the JFNA system has a sophisticated fund raising operation as well as highly-organized procedures for allocating such collected monies to fund a broad range of social service programs in their communities. Perhaps the primary mission of JFNA is to assist Federations as they inspire Jews to fulfill their religious duty to be charitable by securing the financial and human resources necessary to care for those in need, rescuing Jews in danger, and ensuring the continuity of the Jewish people. This critical fundraising task is essential to provide the strategic resources and direction to help local Federations fulfill their individual and collective responsibilities to improve the world, build community, and foster Jewish renaissance. As noted above, the two key elements of such fundraising is a highly-recognized annual campaign supplemented by a sophisticated planned giving operation that utilizes a number of established and highly-regulated charitable giving vehicles, including the IRA Charitable Rollover.

Because the JFNA system is one of the largest philanthropic networks in the nation, our perspective on charitable giving and the importance of tax incentives is grounded on years of experience. We see the impact of economic and tax factors on charitable giving every day. At a time when our social service partners are being asked to meet increasing demands for services and government funding at the federal, state and local level is shrinking, we know that charitable incentives in the tax code are more important today than ever.

JFNA applauds the House Ways and Means Committee for its deliberative process and several-year long study of the many issues which need to be considered in contemplating fundamental tax reform such as the issues raised by making "tax extenders" a permanent part of the tax code. JFNA remains committed to ensuring that federal tax policies continue to encourage private philanthropy and urge that the IRA Charitable Rollover be made permanent and expanded as outlined above.

I thank the committee for the opportunity to present this testimony. If you have any questions regarding this submission, please feel free to contact William C. Daroff, Vice President for Public Policy and Director of the Washington Office at 202-736-5868 or william.daroff@jewishfederations.org or Steven Woolf, senior tax policy counsel at 202-736-5863 or steven.woolf@jewishfederations.org

Statement of Jim Wiegand

The wind industry deserves No Tax Credits

I read the report submitted to Congress from the California Energy Commission concerning Avian Mortality from wind turbines and wind farm infrastructure. In my opinion Congress was lied to and deliberately misled about the dangers of the propeller style wind turbine. If Congress has the time to spend on Rodger Clemens for his testimony, surely Congress has the time to investigate this much more important matter concerning the annual slaughter of millions of birds and the ongoing cover-up by the wind industry. I encourage every member of Congress to read my report below and then go back and compare the statements submitted by those representing the wind industry.

THE 28 YEAR WIND INDUSTRY COVER-UP Part 1

A recent study from Spain estimates bird mortality to be 6-18 million birds and bats annually from their 18,000 installed wind turbines with an installed capacity of 20,676 MW. This works out to a staggering total of 333-1000 birds and bats per turbine or 290-871 mortalities per MW for wind energy in Spain. In America, on the AWEA web site the reported bird death rate from wind turbines is 2.9 fatalities per MW.

These numbers from Spain are several hundred times more than the reported mortality from the wind industry in America. There is a reason for this is disparity. It is because of wind industry interference. It has been going on for the last 28 years and still to this day, there has not been a properly conducted bird mortality study done in America.

To fully understand this cover-up I am going to take a look back to the beginnings of the wind industry, because what took place in the 1980's, set the industry on a path that they still tread on today.

My discussion of the condor from the early 1980's will bring to light a combination of facts and circumstances never before disclosed about the wind industry. What happened to the condor is part one of a two part investigation into the 28 year bird mortality cover up by the wind industry.

In 1980 the wind industry was just beginning to set roots in California. Wind energy was a new frontier, a new technology and investors saw a great opportunity to reap profits. During that same time the struggling condor population, by best estimates, was down to only 25 to 35 condors left in the wild. The small population of condors was considered to be somewhat stable even though it was severely endangered. Their small numbers had been hanging on for several decades but they were declining. But their exact numbers were in question because their huge foraging territories covered several thousand square miles and researchers weren't sure which birds they were seeing at any given location.

In 1982 two researchers Noel Snyder and Eric Johnson set out to get an exact condor numbers by setting up 21 different stations in their foraging habitat. This was done so they could get photographic details of every condor that would provide distinguishable characteristics of all the individual condors. In 1982 they estimated 21-24 condors. The next year from data taken up to October 30 1983 they estimated 19-22 condors remaining documenting a decline. In their report they also noted that at the current downward trend, it was projected that the wild condor population would go extinct sometime between the 1993 and 2003.

Just 15 months later in January 1985 reports came in from the field that one or both adult condors were missing from their respective breeding territories. In April another condor was found dead and was determined to have died from lead poisoning. The population was down to only 9 condors and in a short span of just 15 months, the population had dropped by more than 50%. As it was stated later in a FWS document "it was clear that some disaster had struck".
After these catastrophic losses, a decision was made to trap the remaining condors. Eight of the 9 remaining condors were captured and put into captivity.

Was it lead poisoning? It was well documented that exposure to lead was killing condors but this had been going on for decades. While it was most likely the primary reason for their gradual decline over the decades it is not reasonable to think this was the cause for the sudden decline. In fact their exposure to lead fragments had likely decreased over the years because hunting pressure had declined dramatically from the 1950s and early1960's and wounded deer left in the field in their habitat, were far fewer in number. In addition the remaining condors had been receiving clean supplemental food at feeding stations for years. So what did kill off the condors so dramatically and in such a short period of time?

The FWS statement was correct, a disaster had struck. From 1983 through 1985 there was an explosion of wind development which added over five million square feet of spinning wind turbine blades into this same area. At the end of 1982 there were 323 small wind turbines that had been recently placed in the condor habitat . By the end of 1985 thousands of new and larger wind turbines had invaded their home, which included the Tehachapi Pass wind resource area. Wind developers had increased their footprint with 19 times more rotor sweep so they could take advantage of expiring tax credits that would end at the of 1985. It would prove be the final blow to the condors.

We know for certain wind turbines slaughter all species of birds and this new frontier of wind development was put in condor habitat. We know this because the study of Noel Snyder and Eric Johnson proved it. If you look at the map provided from the study, station 18 was one of the research locations where the condors were photographed station 18 was one of the research locations where the condors were photographed. These two researchers also reported that all the condors were routinely moving throughout their habitat and were photographed at multiple stations. What this means is that the condors were frequently passing over Tehachapi wind turbines as they travelled from the North East area of their range (stations 19, 20 and 21) to the South West area (most other stations).

I also took the map from the Snyder, Johnson study and superimposed it on to a Google earth image. When I blew up the image where station 18 is located, it was in the middle of a wind development (see enclosed image). Even if were not, it is still in the heart of their habitat in the Tehachapi Wind Resource Area.

In another development, in April 1985 after the news of the missing condors was revealed, the California Energy Commission (CEC) issued a major statement concerning the condor in a Wind Energy Development in California Status Report P500-85-003.pdf. It was declared that "**A major conflict with wind development (primarily in Los Angeles, Ventura, Kern, Tulare, Kings, Santa Barbara, San Luis Obispo, and Monterey counties) is the California Condor.** The California Condor is nearly extinct and has been designated as a Federal and state endangered species.

"Because condors tend to soar along ridgelines, are large, and not very maneuverable, **the primary concern is collisions with wind machines** and transmission lines. Condors as well as other birds, are known to fly into tall objects".

"The Condor Research Center (CRC), funded by the US Fish and Wildlife Service, the State Department of Fish and Game, and the Audubon Society, has proposed that wind development be curtailed in Condor roosting and foraging habitat. (See Map 2) until more data is available about the bird and until the condor population is increased to a level where it may be possible for it to sustain itself".

"The CRC estimates that it will probably be three to five years before adequate information is available to determine, with any accuracy, if and where developers will be able to construct **wind turbines** without creating a hazard to the condors."

The report goes on to say that "The problem developers face is that several prime wind development locations are **within the known and potential condor range** and developers want to be able to take advantage of federal and state tax credits that will expire in 1985 and 1986 respectively(there is a pending proposal to extend the federal tax credits)".

In 1985 the State of California and the CRC declared that collisions with wind turbines were a primary concern and a hazard to the condors. Surprisingly, no other information was given in the report about the many other species at risk or being killed by wind turbine collisions.

I want to point out that if anyone is naive enough to believe that the industry would report a dead condor in 1983 or 1984, they must consider an obvious fact about this emerging industry. Billions had already been invested and just one dead condor would have shut down this industry in America. It was an easy choice for greedy investors. Thousands of other dead birds were already being hidden, a few more did not matter.

Since the condors went missing and the CEC 1985 report warning of the wind turbine dangers to condors was published, Kern County has never stopped installing wind turbines. Since 1985 they have allowed wind development to add another 18,000,000 square feet of lethal rotor sweep, they have approved plans for another 35,000,000 square feet, and in the foreseeable future, there are projects that bring nearly another 100,000,000 square feet to Kern county.

When compared to 1982 when there were 21-25 free flying condors, this will be 650 times more rotor sweep with turbines 40-50 times the size of the early turbines.

Yes, the condors were saved by captive breeding, but their habitat was turned into a mine field by the wind industry. Today the released condors are closely monitored, and if they start to wander into their former habitat, they must be trapped before the turbines get them. There is no doubt some of them will escape the vigilance of the biologists, and get killed. How do you stop a condor from riding the wind?

Part two will cover all the other species being killed by the wind industry, the fraudulent reports, and how they are getting away with it.

Photographic Censusing of the 1982-1983 California Condor Population
http://www.biologicaldiversity.org/species/birds/California_condor/pdfs/conbio-condorarticle.pdf

THE 28 YEAR WIND INDUSTRY COVER-UP Part 2

In the first part of this wind industry cover-up story, it was pointed out how California Condors were trapped from the wild in the mid 1980s as an emergency response to save the quickly disappearing population from thousands of turbines that had been placed in the Tehachapi Pass region.

What is not known is that during this same period of time in the 1980s, tens of thousands of other birds also perished at California wind farms. If one chooses not to believe any of this, then knowing how the industry responded in 1989 should convince anybody about the ongoing 28 year mortality cover-up by the wind industry.

In the 1980s as the turbine numbers and size expanded, wind personnel began seeing increasing numbers bird carcasses around the turbines.Due to the severity of the avian mortality problem, the wind industry adopted a strategy for survival: whatever happens on a wind farm, must stay on the wind farm. They knew that without a witnesses or bodies it is tough to prove anything. So with their on site high security, gag orders in lease contracts and workers fearful of losing their jobs, it helped them to maintain this concealment.

But there still were some lose ends. In 1985, the same year the 10 -13 missing condors came to light, a bird mortality study at the San Gorgonio pass wind turbines was being conducted by a competent ornithologist named Michael D. McCrary. In 1986 he came forward with his results. From his research he estimated that 6,800 birds were being killed annually by the 2947 turbines in this wind resource area. He also discovered that virtually all of the fatalities were smaller birds and that the turbines were killing nocturnal migrants.

These were astounding numbers and his report should have been an immediate red flag for the California Department of Fish and Game (DFG), the U.S. Fish and Wildlife Service (USFWS) and the California Energy Commission (CEC). The McCrary study should have prompted immediate follow-up studies at the three major wind resource areas in California about the impacts of the propeller style wind turbine. These wind resource areas were Altamont Pass, Tehachapi Pass and the San Gorgonio pass.

Instead the opposite took place. The research and study of the impacts from wind turbines came to a stand still.

Then in 1988 the California Energy Commission stepped in and funded a study to examine the extent of avian mortality at the three major wind resource areas in California. Even though the wind projects were being conducted with secrecy on private land, the public was becoming aware of the wind turbine impacts. Concern was building because word was coming in from the field about dead eagles and raptors with horrific injuries were showing up in wildlife rehab centers. This new study was an attempt to "document the reported" losses at each wind farm from November 1984 until April 1988. A period of 3 1/2 years. It was titled "Avian mortality at large wind energy facilities in California: identification of a problem" 1989 P700-89-001.pdf

When this report was written the number of wind turbines in California had almost doubled from the 1984 figure of 8500 to 15,000. The report even acknowledges that "since 1984 there has been a yearly increase in the reported incidents from the Altamont pass area". But it was downplayed with a statement that "it was unknown whether this results from an increase in collision incidents or an increase in reporting."

The McCrary study had already reported several years earlier that approximately 2.3 fatalities were occurring at each turbine per year or approximately 34.4 per MW at San Gorgonio pass wind turbines. Keeping those numbers in mind and using these same ratios for all of California, gives us a mortality figure of 34,000 mortalities for the 15,000 turbines in 1988 and 19,550 for the 8500 turbines in 1984. When the other year and a half is added to the total and adjusted for the changing turbine numbers, you would get approximately 40,000 additional fatalities.

By using the McCrary figures, there would be an estimated total of 93,950 avian fatalities for California from November 1984 up through April 1988.

At that time the wind industry knew they could never survive these fatality numbers because the public would not stand for it. So the 1989 California Energy Commission report, in an attempt to rewrite history, came to some startling conclusions and opinions about the fatalities at the three major wind recourse areas from 1984 -1988. They claimed that " the purpose of the study was to document avian collision and electrocution incidents at wind energy facilities." But it really wasn't a study at all. It was nothing but a list of the wandering wounded raptors of documented incidents that had escaped the secrecy of California wind farms. These were the only incidents that could be proven by the outside world regarding what was happening around the turbines.

This study would mark the beginning of a new era of deception for the wind industry, the California Energy Commission and Government Wildlife agencies. Their study only revealed 72 incidents of avian fatalities involving wind generators and associated powerlines over a 3 1/2 year time period. Power lines were even given a portion of the blame in these 72 fatalities. Topping it off, all collision incidents occurred at only two of the wind resource areas in California, **nothing was reported from San Gorgonio.**

Table 1. Reported avian collisions and electrocutions with wind turbine generators and power transmission lines at the Altamont and Tehachapi wind resource areas in California from November 1984 to April 1988.

	COLLISION			ELECTROCUTION	
Species	Altamont	Tehachapi	Total(%)	Altamont	Grand Total(%)
Golden Eagle	29	-	29(40.3)	2	31(28.4)
Red-tailed Hawk	21	7	28(38.9)	2	30(27.5)
American Kestrel	3	-	3 (4.2)	-	3 (2.7)
Great-horned Owl	-	2	2 (2.8)	-	2 (1.8)
Barn Owl	2	-	2 (2.8)	-	2 (1.8)
Ferruginous Hawk	1	-	1 (1.4)	-	1 (0.9)
Burrowing Owl	1	-	1 (1.4)	-	1 (0.9)
Unidentified eagle	1	-	1 (1.4)	4	5 (4.6)
Unidentified hawk	4	-	4 (5.5)	28	32(29.4)
Unidentified raptor	1	-	1 (1.4)	-	1 (0.9)
Total	63	9	72	36	108

Tens of thousands of birds and raptors had been killed by these new wind farms and this document was the best the CEC, the USFWS, and CA DFG could come up with. Looking back anyone should be able to see that the obvious purpose of this study was not to document avian collisions at wind farms, but was to say as little as possible about this problem.

In my opinion this 1989 study, report or what ever you want to call it, is mother lode of all bogus wind documents. **Even sadder, is the fact that the figures produced by this document have been quoted in deceptive studies and reports promoting the wind industry for over 20 years.**

The reality was that since 1984, eagles and other protected species were being slaughtered like never before in America. It was as if the Migratory bird treaty and the laws pertaining to the "take" of protected species had never been written. If they wanted , the USFWS and DFG could have pulled the trigger on this industry any time they wanted. It did not matter a bit that any of this was on private property. With these agencies, if there is reason to believe wildlife violations are being committed, there are no fences.

In a perfect world, none of these the agencies would have dismissed the McCray study. Anytime they wanted to document what was really happening at the wind resource areas, they would have went to each of the wind farms to look for themselves. Then they would interviewed the hundreds of workers and security personnel that witnessed the bodies piling up. For workers, it would have been easy to see dead birds lying in the clearings around installed wind turbines . Workers and security driving around on the service roads that feed into every turbine (see images), would have seen plenty because large birds can be seen from several hundred yards away. Workers would have also been witness to the fact that these turbines were knocking down all types of birds. Not just raptors.

The USFWS, and CA DFG should have then demanded real studies. But they didn't. Instead they did what they are still doing for this industry. The upper levels of these agencies helped the wind industry cover up this problem. They did this by taking no action by not initiating any proper studies. However they did do something, they wrote a letter.

This supposedly bold action taken by the USFWS is even mentioned in the California Energy Commission study. "The concern of avian mortality on large wind farms has been renewed in recent years. In 1985 and 1986 the U.S. Fish and Wildlife Service (USFWS) received **several** reports of raptor mortality or injury from the Altamont Pass

Wind Resource Area. This prompted action by the USFWS in the form of a letter to all wind resource developers and operators in the Altamont Pass wind resource area informing them of the legal implications of causing death or injury to eagles and other raptors. In addition **their assistance was requested in investigating** the actual take of these protected species in the Altamont Pass Resource area. This action led to the support and cooperation of several Altamont Pass wind energy companies. **However this effort by the USFWS did not extend to the wind resource developers and operators in the Tehachapi Pass and San Gorgonio pass resource areas."**

As we all know, that letter did nothing for the ongoing carnage.

For the wind industry what the McCrary study really proved was that what happens at Altamont Pass is not unique. Everywhere birds are mixed with the propeller style wind turbines, they get slaughtered. But unlike Altamont where studies from 1998-2004 estimated mortality as high as 2,277 raptors and 11,520 birds killed each year, the McCrary studies not only showed higher numbers but also showed a much higher percentage of small birds being killed. (Insert Bluebird image)

I have looked over all the studies produced from Altamont and all have serious flaws. If the true numbers of small birds being killed were added to the mortality reported from Altamont pass, there would be at least 2-3 times more fatalities. In other words at least 25,000 birds per year. One of the primary reasons for the flawed mortalities figures coming out of Altamont is a result of the studies being conducted on 30-90 day cycles. These studies are missing most of the smaller birds and bats. To find these smaller species, mortality searches must be conducted on a daily basis to keep up with the multitude of ravens, gulls, and mammals that are eating them.

Conducting searches on a daily basis will also serve another useful function. It would keep researchers ahead of the worst scavengers of all, **wind industry personnel**. Security and maintenance workers would then not be able pick up the bodies of highly sensitive species. Important rare species like peregrine falcons, white-tailed kites, condors, and whooping cranes, could then be reported instead of hidden.

If anyone thinks that this is not going on within the secure boundaries of wind farms, then consider these facts. The only peregrine falcon ever found killed and reported at Altamont Pass was during a mortality study being conducted on a 2 day search cycle. This same study also recorded the highest mortality ever for Altamont Pass because researchers were getting to more of the smaller birds

It is also my belief from my research, that the McCrary 1986 study from San Gorgonio Pass study has never been given to Congress by the California Energy Commission when many other worthless wind industry studies have.

Yes, the industry today now admits to more fatalities at 2.9 per MW but this is still 12 times less than the 34.34 fatalities per MW reported in 1986 by McCrary. The low 2.9 per MW figures have been deliberately cooked up by the industry. It has been done by using industry approved grossly undersized search areas and studies that do not look for fatalities on 1 day search cycles. They also do not use trained dogs because with trained dogs far more birds and bats would be found in a fraction of the time. The industry is well aware of all of this.

Today there are USFWS voluntary guidelines currently in place for the wind industry and they have been there all along. From the very beginning this industry has never been required to say or report anything of substance. As anyone can see from the information I have presented in this report, this is what you get with **volunteer guidelines**. We are lied to. Today all the same problems that existed in the 1980's, are still with us. The industry still continues to operate their wind farms like Area 51 in Nevada and they generate any of the needed paperwork to keep things that way.

I can not bring back the millions of birds killed by this industry. I can not undo what has already been done. But I can educate people to this very real and growing problem. Millions of birds being killed by this expanding industry and it is going to get a lot worse. This is not a problem about English Sparrows and Starlings; it is about hundreds of other species that need the habitats where these turbines are being placed. **They can not coexist with these turbines and never will.**

My intention with this report is for the public to understand the path this industry has always taken. Then by using this knowledge the necessary changes can be facilitated. If nothing is done, the rapid expansion of the wind industry will absolutely bring about the extinction of several bird species and forever change the remaining bird populations on this planet. Society can not wait for the wind industry to come clean and move away from their propeller style wind turbine. It may never happen.

But the public can force this to happen with enough support. A good place start would be for some ethical USFWS mandatory guidelines and for the public to end the wind industry tax credits.

Audubon Society Helps USFWS Whitewash Wind Industry Slaughter

On March 23, Interior Secretary Ken Salazar and the USFWS released new guidelines designed to help wind energy project developers avoid and minimize impacts of land-based wind projects on wildlife and their habitats. In his press release he stated "We believe these consensus guidelines hold great potential as a roadmap toward collaborative, science - based solutions to bird and wildlife conflicts with wind development across the country. The voluntary guidelines will help shape the smart siting, design and operation of the nation's growing wind energy economy".

The problem with Ken Salazar's statement is that it is deliberately deceptive and his words are empty. The guidelines on the surface appear to have **potential**, are **voluntary** and they will definitely help the financial institutions and oil companies behind **our wind energy economy.** But the new guidelines also have another much more important purpose that he did not mention. They were meant to create the appearances of solving the ongoing industrial bird and bat carnage caused by the wind industry. Ken Salazar's statement and the new guidelines represent nothing more than the same song and dance that has taken place since the 1980's. Just tell the public whatever they want to hear, and keep on building.

Nothing will be solved with the new guidelines because they only have **potential** and are **voluntary.** They will do nothing for the millions of birds and bats slaughtered each year by this industry. Investors will be pleased because it now looks like things will be even easier for the industry.

On April 12 the National Audubon Society sent out an Advisory to their members celebrating these new guidelines. Guidelines that the National Audubon Society, The Nature Conservancy, Defenders of Wildlife, Massachusetts Audubon, and Bat Conservation International helped to create. That is why I am putting out my own Advisory. I am advising everyone to remember of those involved because these new guidelines are a disgrace in every sense of the meaning.

It is hard to imagine any wildlife organization signing off on this ongoing industrial slaughter of birds. This is especially true for the National Audubon Society.

One of the most disturbing parts of the so called Regulations concerns **"eagle take permits" – i.e. licenses to kill eagles.** In 50 CFR 22.26 and 50 CFR 22.27 it allows for compensation as part of permit issuance. Who gets the pay out for the dead eagles? The Conservation groups listed above? **No one and no group should ever profit from dead eagles.**

The USFWS claims "These voluntary Guidelines provide a structured, scientific process for addressing wildlife conservation concerns at all stages of land-based wind energy development". This is far from the truth. I read over the guidelines and most of the information given for justifying the guidelines is based on the pile of bogus research created by the wind industry. These Guidelines still leave the wind industry with no transparency and no regulations. But worst of all wind industry actions are still voluntary just like they have always been. The industry still does not have to tell the truth and there are no consequences.

With real wind industry Guidelines or Regulations we would not be hearing the word potential. We would be hearing the word mandatory. With real guidelines the bogus mortality studies currently staged by the wind industry would not be tolerated. Instead they would demand that proper mortality studies be conducted with adequate sized search areas with searches done on 24 hour cycles. This way far more of the bird and bat mortalities could be located.

Real guidelines would address the wind industry's clear history of profit bias associated with their bogus studies. The industry could then be stopped from controlling their own mortality studies. Real guidelines would create transparency instead of concealment with actions like nondisclosure clauses written in wind industry contracts. Real guidelines would not put up with the hiding of carcasses.

But most of all, real Guidelines would address the cumulative impacts from the increasing yearly slaughter caused by this industry. The whooping crane is a perfect example. Their small fragile population has stopped increasing after decades of growth. Since 2007 more of them are now dying each year along their turbine infested migration route to Texas.

It would also seem that all this information would be very important to the USFWS so they would have a much better understanding of the true impacts caused by this industry.

Thankfully not all Audubon members feel the same way about the wind industry. Several local Chapters of the Audubon Society around Altamont Pass and Kenedy Ranch in Texas, sought legal action to stop the wind industry slaughter to protected species.

Instead of holding hands with greedy investors, these two groups were involved in litigation that was actually meant to help the many bird species in trouble. The local chapter of the Audubon Society in Kenedy County sued to try to stop the Kenedy Ranch wind projects and the Bay Area Audubon Chapters trying to slow down the tens of thousands of birds being killed each year at Altamont.

Both failed in their attempts. Mortality has not gone down at Altamont and massive wind turbines were installed in one of the most critical bird habitats in North America.

It is unfortunate I was not in contact with the Audubon Chapter in Kenedy County. Had they known what I have disclosed about the wind industry's bogus mortality studies and what I am about to discuss, they may have been able to stop them.

What makes the location of the Kenedy Ranch wind farm so critical is the numbers and diversity of birds found in the area. This is a region with far greater densities of birds and bird species than the Altamont pass region. This region is an extremely important stop over for millions of migrating birds in the central united states including the whooping crane. More than 300 different species of birds have been recorded on the Kenedy ranch and many more that use the shore line habitats and Gulf wind currents.

For the birds you could not pick a worse location to put the propeller style wind turbine, but for the investors, it's just another pot of taxpayer gold.

Sadly there are now 286 huge 2.4 MW wind turbines located along the coastal habitat of the Gulf coast and the wind industry gold diggers are planning many more for this region. Each of these turbines equals 45-50 of the mid 1980 's Altamont turbines.

The Kenedy ranch is a classic example of just how out of control the wind industry really is. It also represents why this country so desperately needs real wind industry regulations. A comparison of facts with Altamont Pass and this newer wind resource area in Texas should help to wake up a few people about the madness pertaining to "Voluntary Guidelines".

After more than 20 years of operation is has finally been disclosed in mortality reports that the yearly death toll at Altamont Pass is estimated to be around 10,000 birds annually. This wind farm is also and considered to have the highest wind turbine bird mortality in America. As high as these estimates are I believe there are at least 2-3 times more fatalities per year.

Recent studies from Altamont proved that the new larger turbines being installed there are killing more of the indigenous species per MW in the habitats where they are installed. These studies conducted in the semi desert grasslands of the Buena Vista section of Altamont showed that 11 bird species and 2 bat species were being killed at a higher rate per MW. This included more dead eagles, more dead prairie falcons, and more dead horned larks. This was never been disclosed by the industry. Instead this was hidden in a mountain of meaningless data and the new larger turbines were celebrated as being safer for "all birds".

There is something else that has never been disclosed about Altamont that clearly points to how inept all the Altamont studies have been over the years. That being the reported bat mortality. Each year thousand of birds have been reported killed but only about 35 bats. These numbers are impossible and are probably off by more than 100 times. This also illustrates my point about the fatalities being much higher at Altamont. If they are missing so many bats, they have to be missing the majority of small birds.

But even with all the severely flawed mortality studies, we all know the Altamont pass wind resource area kills a lot of birds and bats. It has been widely publicized. What people do not know is that the Kenedy ranch is probably killing far more. Here is why.

The coastal region of Texas has more local and migratory birds than the Altamont Pass region. About 20 year ago Biologists for the USGS conducted field surveys within the Coastal Sand Plains in Brooks, Jim Wells, Kenedy, and Kleberg counties in southern Texas. There surveys were done during 1991-1992 and 1992-1993. In these Coastal grassland surveys they found high densities of about 30-50 birds per10 hectares or 750-1250 birds per square mile. This is at least 5 times the birds that to be found in the foothills around Altamont pass. I know because I spent years in the field around the Altamont pass region.

Most readers will also be surprised to know that these enormous turbines in this important bird sanctuary have a combined rotor sweep of around 22 million square feet. So not only are there far more birds living around the Kenedy Ranch, this wind farm is also larger than the Altamont Pass wind farm. All the smaller turbines at Altamont do not add up to the size of these huge turbines. Their blades also spin faster than most of the wind turbines at Altamont Pass, with tip speeds up to 188 mph.

There is also another fact about the turbines on the Kenedy Ranch that make them more dangerous. They spin far more hours each year because they can start turning in slower winds. In other words they have lower cut in speeds.

The Kenedy Ranch wind farm is without question, a far more dangerous wind farm and there are far more birds at risk in the habitat.

Now let's analyze the wind industry mortality surveys that have come out from the Kenedy ranch. The mortality studies from the turbines on Kenedy ranch are reporting only about 2000 deaths per year or about 5 times fewer than Altamont pass. These figures are about as honest as the new guidelines.

But none of this matters because for the wind industry, telling the truth is "Voluntary".

More so than at any other wind farm in America, someone needs to get on this ranch and conduct proper mortality stuudies. These should be done on a daily basis with dogs and have search areas of at least 200 meters around each of these huge turbines. Without question, proper studies would put the original Kenedy ranch mortality reports in the dumpster. And if they were done, the world would likely discover that this wind farm is killing far more birds than anywhere else in North America.

The latest **"Make Believe Guidelines"** are really nothing to be proud of and there is no cause to celebrate. As far as I am concerned this entire collaboration with the heads of the USFWS, National Audubon Society, Nature Conservancy, Defenders of Wildlife, Massachusetts Audubon, and Bat Conservation International was nothing more than an abuse of power and a total betrayal to their respective members.

http://www.audubonaction.org/site/News2?abbr=aa_&page=NewsArticle&id=5509#wind
http://www.fws.gov/windenergy/docs/WEG_final.pdf
http://www.npwrc.usgs.gov/resource/birds/ngbird/index.htm
http://www.npwrc.usgs.gov/resource/birds/ngbird/tables.htm#table4.htm

Jim Wiegand Wildlife Biologist

Statement of Jody Purrington

I, Jody Purrington, Duluth, MN, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I have seen the wind farms near my hometown of Windom, MN revitalize my community. Here in Duluth, MN, I am able to purchase wind energy from our utility company, Minnesota Power. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

Jody Purrington

Statement of John E. Bollwinkel

John E. Bollwinkel
6282 N. Old Ranch Road
Park City, Utah 84098
435-649-3874

I, John E. Bollwinkel, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Wind energy is one of the parts of the economy that is growing and providing jobs. Wind energy is clean and reduces our dependence on foreign oil.

Thank you.

Statement of John Earl

To The House Ways and Means Committee:

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that. -

I urge the committee to take up an extension of the wind energy production tax credit right away.

John Earl
#2 709 20th Avenue
Tuscaloosa, AL 35401

Statement of John Guenst

April 24, 2012

Dr. John M. Guenst

2517 Shadow Cove

Franklin, TN 37069

615-371-9411

John_guenst@bellsouth.net

Title of Hearing: Hearing on Certain Expiring Tax Provisions

Dear honorable members of the Ways and Means Committee:

I, Dr. John Guenst, an internist from Franklin TN, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

John M. Guenst, MD

Retired USAF, Maj

Statement of John Irwin

April 25, 2012

Hearing on Certain Expiring Tax Provisions

I, John T. Irwin, a production worker from Greeley, CO respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind turbine manufacturing facility near my house revitalize my community – bringing in construction jobs at first, then manufacturing jobs and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

It is my understanding that it takes anywhere from 18 to 36 months to plan a wind farm. Plans for many farms have already been put on hold. The extension of the PTC cannot be put off any longer.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely

John T. Irwin

(616) 334-0283

handyman@mcleodusa.net

Statement of John Schaumburg

To: The Honorable Members of the Ways & Means Committee

From: John Schaumburg, MBA, NHA (Retired)
PO Box 631375
Lanai City, HI 96763
808 565-9690
schaumlny@gmail.com

Re: Certain Expiring Tax Provisions - Production Tax Credit for Solar & Wind Energy

Wind energy is touted as the golden answer to creating electricity. After 20 plus years it has received billions in Federal subsidy at taxpayers expense without much to show. The electric companies brag about having 10% or more of their electricity generated by renewable energy. What they don't say is that this amount is what they pay renewable energy producers in their total expenditures to generate power. They never tell you how much fossil fuel they have saved. For wind and solar it is virtually nil.

Being intermittent and unreliable, wind and solar energy cost ratepayers and taxpayers more than the benefits derived from that expenditure.

Please don't consider extending this benefit for these developments (and developers) at our expense. Future expansion with these renewables will leave us with less and less for real solutions.

Thank you for not extending this expensive and ineffective provision in our tax law.

Statement of John Wilson

John Wilson, Partner
Michael Best & Friedrich LLP
Suite 700 One South Pinckney St.
Madison, WI 53701
(608)283-4433
jdwilson@michaelbest.com

Written Comments for Submission in the House Ways and Means Committee Hearing on Certain Expiring Tax Provisions

I have been an energy attorney for over 25 years and have worked extensively in the renewable sector over the last 10 years. I am writing to encourage the Committee to extend the wind energy production tax credit (PTC) prior to year's end. The impending expiration of the PTC at year end is already having a profound effect on jobs in the wind sector. If not extended until year's end most economic activity in the wind sector in the second half of 2012 and all of 2013 will grind to a halt. Given our current economic climate we can ill afford to lose the jobs and economic stimulus associated with this renewable energy sector.

There are growing calls to avoid additional subsidies for renewable energy. I agree with those calls. If the renewable energy sector is to mature and compete financially with other forms of energy and avoid the boom bust cycle associated with the rise and fall of the PTCs it must figure out a more sustainable policy approach. To that end congress should examine and enact policies which will over the long haul allow renewable energy to compete—financially—with other forms of energy including coal and natural gas. Such polices should include a close examination and elimination of subsidies for other types of energy including coal, natural gas and nuclear. The environmental benefits of renewable energy are obvious but need not come at an expense where such benefits are uneconomic compared to conventional energy. A policy leveling the playing field will ultimately allow renewable energy to compete financially. The new policy initiative should also include a significant increase in R&D spending for all forms of renewable energy. Increased R&D dollars will ultimately drive technology costs lower again improving renewable energy's ability to compete financially.

The problem of course is that it will take some time to examine, adopt and implement a more sustainable renewable energy policy in this country. To simply adopt the new policies while allowing the expiration of the PTC will devastate the wind industry (and other renewable technologies) and may significantly push off the time when renewable energy can compete financially. To that end I would encourage the committee to pass a four to five year extension of the PTC with a very clear message that it will sunset at the end of that time. Mean while if congress can adopt the new more sustainable polices over the next twelve months that will allow the industry to properly prepare for the sunset. Thank you for your consideration of my comments.

Statement of Josh Green

Josh Green
Biology Graduate Student
Grand Valley State University

9890 Hannah Rd
Kingsley, MI 49649
(231)499-3723
jmgreen2@aol.com

I, Josh Green, Biology Graduate Student, Grand Valley State University, Michigan, respectfully urge you to extend the Wind Energy production tax credit.

Although we have made some great advances in wind energy production in the recent years, I still believe that we have a long ways to go. There is still a need to advance technology to make wind energy more affordable for the general public, so that more small business have the ability to make a profit from switching to an alternative form of energy production. Additionally, these advancements could make wind energy a more feasible alternative for the general public, so that almost everyone would have access to producing their own energy, which is the biggest step in shifting our dependence away from oil imports. Today, more than ever, it is imperative that we begin to reduce our alliance on oil in order to better our economy and our environment. By moving to alternative energies, such as wind energy, we can be prepared for the inevitable depletion of our oil reserves, which could be detrimental to our economy. Wind energy will also create many jobs that will benefit our economy. Furthermore, we could protect our precious natural areas like the Arctic National Wildlife Refuge from drilling that is unnecessary, because we have the technology to avoid it. Moving towards wind energy is also important in reducing our carbon dioxide emissions, so that we can drastically reduce our footprint on climate change and reduce the potential effects of increased temperature, precipitation, and global sea level that have been predicted by many climate models.

As you can see, wind energy will have great benefits to our economy and environment, but there are still advancements that need to be made before it has an impact and I ask that you continue to support it as we continue to make these advancements. This tax credit helps drive the wind industry towards making these necessary advancements to secure our future. Thank you for your time.

Statement of Judith Brown

From: Judith R. Brown
5251 Hill Road
Hamilton, NY 13346
jrbrow44@gmail.com
315-824-2410
Title of Hearing: Hearing on Certain Expiring Tax Provisions

To: wayandmeans.submissions@mail.house.gov

For 20 years, taxpayers have propped up the wind energy industry. Despite many tens of billions of dollars ($14 billion last year) given to them via the production tax credit, the more recent investment tax credit, and other tax and regulatory provisions, as well as loan guarantees and outright grants, the industry still comes begging.

And even after 20 years of such largesse, the industry cannot show any meaningful benefit concerning any energy, pollution, or carbon problem. In fact, they cannot produce electricity at nameplate capacity with any existing turbine; some will say that their use of energy from the grid, as well as the adjustments to the generators made necessary by sporadic contributions to the grid, use energy and create further carbon emissions that are not accounted for.

Further, rural communities, such as ours, Madison NY, have been left divided, landscapes degraded, bird and bat populations threatened, and already dwindling natural habitats destroyed. Once they have a foothold in a town, they are somewhat ruthless in pursuing build-outs and additional projects which only make the threats worse. The contribution of wind energy to the overall goal of green, sustainable energy in the US is negligible.

Finally, instead of cutting programs that are necessary for some people to survive and make progress toward becoming self-sufficient, cut these kinds of subsidies that are completely unhelpful and in and of themselves, wasteful.

I urge you to END the Production Tax Credit, the Investment Tax Credit, and any other federal support of industrial wind energy.

Sincerely,

Judith R. Brown

Statement of Judy Watson

Re: Hearing on Certain Expiring Tax Provisions

END PRODUCTION TAX CREDIT, INVESTMENT TAX CREDIT and ANY FURTHER SUPPORT of INDUSTRIAL WIND ENERGY!!!!

These Industrial Energy Companies come to town, strip mine our mountains; kill our protected EAGLES AND RAPTORS. Instigate neighbors against neighbor, friend against friend, and family against family by dangling mitigation money in our faces. These turbines are ugly, ruin our rural country view, reduce property values, make homes unsellable, nightly disturbance from constant droning noise, sleepless nights, shadow flicker inside our homes, red lights glaring in the night skies and bouncing off the walls inside our residents, kills thousands of birds and bats, and hampers FIRE fighting aircraft from putting out wildfires. What do we get out of this, HIGHER ELECTRIC BILLS besides our TAX DOLLARS PAYING 33% Subsidies up front to get these Energy Company's off the ground?

How many Energy Companies have declared BANKRUPTCY? 17 that I've counted, totaling over $4 billion dollars. Where does this money disappear to, besides the CEO's stuffing massive bonus in their pockets before announcing we're "GOING UNDER"? The American people are being so badly raped it's beyond corrupt.

The promise of jobs is a joke. Maybe 55 to 89 days, therefore not having to pay benefits. Then hire a new crew every 60 to 90 days for the same amount of time, so the list of names looks longer for the tally of "thousands of jobs created" by GREEN ENERGY. BUT no one tells these crews it's only a job for 89 day or less. Most of these company's bring their own OUT OF STATE CREWS, and hire very few of the locals as promised and advertised. We've seen this first hand here in Antelope Valley, Calif. This is the biggest SCAM in American history.

Wind Energy does not produce as advertised, total propaganda. Wind will never reduce our need for Oil. Wind is not a reliable source of energy, and only produces 5% to 10% not 30%-35% that is stated. These giant 50 story turbines hold 500 gallons of oil each and use more energy to rotate, change gears, brake and start up, then they produce. How can our government be so blind, and continue to waste our TAX DOLLARS. Europe has hundreds of failed Turbine projects, why aren't we learning from their mistakes.

Let private Enterprise do the job, the government needs to butt out. Everything they stick their noise in to goes belly up, and puts our country deeper in debt. Take Obama's credit card away, he's like an out of control kid in a candy store and find someone that knows how balance a checkbook! I can't believe what bad shape our country is in. We're spiraling down into quicksand. Each day gets worse.

Judy Watson
j_a_c_1940@yahoo.com

Statement of J.W. Pavlic

MAY 4TH, 2012

TO: U.S. HOUSE PRIMARY WAYS AND MEANS COMMITTEE

RE: 'WIND ENERGY PRODUCTION' TAX CREDIT (PTC)

FROM; J.W. PAVLIC

TITLE: PLEASE EXTEND THE 'WIND ENERGY PRODUCTION' TAX CREDIT

SUBTITLE: (A BETTER ENVIRONMENT. . .)

WOULDN'T IT BE NICE TO MOVE INTO THE NEXT CENTURY WITH NO WORRIES TOWARDS THE "THOUSANDS OF WATER PRODUCING FILTRATION PLANTS" THAT COULD BE FOUND DOTTING THE (RISING) SHORELINE OR THE CREATIVELY PRODUCTIVE MONORAILS THAT TRANSPORT COMMODITIES AND MATERIAL TO DIFFERENT PORTS RUN BY SAFE AND EFFICIENT ELECTRICITY? THE PRODUCTIVELY OF SAFE TRANSPORTS AND WATER FILTRATION SYSTEMS OF THE FUTURE COULD BE USED WITH A VERITY OF TIDAL WAVE OR WIND POWER GENERATORS (AND PARABOLIC SOLAR DISK) THAT COMBINED WOULD RAISE THE STANDARD OF OUR CREATIVE LIVING ENVIRONMENT. . .

P.S. AS IT'S CONCERNING ABOUT TODAY'S LEARNING OR THE IMPERSONAL ATTITUDES TAKEN SOMETIMES IN CREATING A BETTER TOMORROW. THE POSSIBILITIES OF CREATING A BETTER WORLD OR THE ATTITUDES OF AN INFINITE LEARNING SHOULD BE ALIGNED WITH THE KNOWLEDGE OF A SELF-INSTILLED REASONING AND THE MOTIVATION OF CREATIVENESS. THE IMPERSONAL UNDERSTANDING OF TODAY'S WORLD IS SOMETIMES FOUND TO BE

UNSURE OF ITS CREATIVENESS OR THAT IT'S A CREATURE OF CREATIVE THOUGHT AND REASONABLE UNDERSTANDING. THE BEHAVIOR OF A MATERIALIST SOCIETY OR ITS IMPERSONALIST UNDERSTANDING'S NOT BASED UPON AN INFINITE LEARNING OR A PART OF THE HUMAN STATURE. THE IMPERSONAL KNOWLEDGE OF TODAY'S MATERIALIST WORLD IS BASED UPON THE DUALISM OF A SYMBIOTIC REASONING THAT'S PARTICLED BY A DEPENDENT DEGREE OF LEARNING OR ITS MATERIALIST UNDERSTANDING. THE EDIFICE OF HUMAN UNDERSTANDING IN TODAY'S MATERIALIST WORLD IS FOUND IN THE REASONING OF "WHAT ENTERS THE CONSCIOUS ENTERS THE MIND" AS THE CONSCIOUSNESS IS THE CONSCIOUSNESS OF TRUTH AND FORGIVENESS. THUS REALIZING THE HUMAN CONSTITUTION'S BASED UPON HONESTY, AND IS NOT ABOVE NATURE'S LAW. THE INFINITE REALIZATION OF TRUST AND HUMAN UNDERSTANDING IN THE WORLD TODAY'S PART OF THE UNIVERSAL COSMOS AND DESTINED PERHAPS
BY A HIGHER DEGREE OF REASONING. . .

THANK YOU, J.W. PAVLIC
399 ½ MAIN ST. WADSWORTH, OH 44281-1349
(330) 334-44284 U.S.A.
HTTP://JAUNEY.TRIPOD.COM/

Written Comments for the Record: Hearing on Certain Expiring Tax Provisions

House Ways and Means Subcommittee on Select Revenue Measures

May 8, 2012

Comments submitted by:

Kevin Strudthoff

President/CEO

Katana Summit LLC

1600 E 29th Avenue

Columbus, Nebraska 68601

(402) 563-9318

kstrudthoff@katana-summit.com

Katana Summit, a U.S. manufacturer of utility scale wind turbine towers, urges the United States Congress to extend the wind energy production tax credit – commonly referred to as the PTC – as soon as possible.

Katana Summit is headquartered in Columbus, NE with a manufacturing plant in Columbus, Nebraska and an additional factory in Ephrata, Washington. We employ just over 300 workers in our facilities and are currently working on manufacturing for our 2012 tower orders. At this time, we have no orders for delivery beyond the third quarter of 2012 and we foresee no potential if the PTC is not extended immediately. Decisions regarding tower procurement generally lead actual installation by six months and the impact of the potential PTC expiration is being felt by our company right now as developers delay any decisions regarding their 2013 activities while waiting for a stable policy. In the event that the uncertainty regarding the PTC is not resolved quickly, we are looking at the very real prospect of laying off between 70% and 95% of our labor force when our current projects are completed in late September. We have already eliminated several capital expansion plans for our plants and are beginning the planning for the potential shuttering of our facilities.

Our factories provide good jobs with excellent pay and benefits in two rural areas of America. Our employees take pride in the fact that they are helping diversify America's energy portfolio and look forward to continuing to do so in the future. We urge Congress to continue to support diversification of our energy supply and U.S. based manufacturing by moving quickly to extend the PTC.

Statement of Katheryne and Gerry Gall

May 4, 2012

To: U.S. House Subcommittee on Select Revenue Measures

Re: Hearing on Certain Expiring Tax Provisions

We are writing to urge you to END the Production Tax Credit, the Investment Tax Credit, and any other federal support of industrial wind energy.

The wind energy industry has grown substantially since the production tax credit was adopted in 1992, and yet wind produces only about 2.3 percent of our electricity nationwide.

Taxpayers have subsidized wind energy for 20 years now. We have funded the industry with many tens of billions of dollars ($14 billion last year) via the production tax credit, the investment tax credit, and other tax and regulatory provisions, as well as loan guarantees and outright grants. This funding was intended to get a new technology up and running.

Wind energy is considered at this time to be a "mature technology" and if it is truly economically viable it should be able to hold its own in the marketplace without special tax treatment.

The direct cost of the subsidy to taxpayers, as reported by the congressional Joint Committee on Taxation, would be $6.8 billion from 2011 to 2015 for new projects implemented by the end of this year. This figure needlessly adds to America's debt. And projects begun in response to an extension of the tax credit in the next year would only increase that number.

After 20 years of taxpayer support, the wind industry cannot show any meaningful benefit concerning production of "green" energy or the elimination of older "dirty" power plants. However, wind development has produced negative long-term results: rural communities left divided, landscapes degraded, bird and bat populations threatened, and already dwindling natural habitats destroyed.

The least politicized approach would be to eliminate *all* government subsidies and tax credits on production of *all* primary sources of energy. That would give all methods of energy production an even chance to compete in the market based on their true efficiency and costs.

The purpose of the tax code should be to raise revenue for the legitimate functions of the federal government. It is not appropriate to use it to tip the scales toward favored technologies.

Sincerely,

Katheryne and Gerry Gall
P.O. Box 335
Hamilton, NY 13346
315-824-3534
kgall@twcny.rr.com

Statement of Kathleen and Lucien Catania

Title of Hearing: "Hearing on Certain Expiring Tax Provisions"

Submission for the record about expired energy tax credits or "tax extenders."

Name: Lucien and Kathleen Catania

Address: 2425 Thayer Road, Hubbardsville, NY 13355

Phone: 315-427-6780

email: katheffley@yahoo.com

For 20 years, taxpayers have propped up the wind energy industry. Despite the many tens of billions of dollars ($14 billion last year) given to them via the production tax credit, the more recent investment tax credit, and other tax and regulatory provisions, as well as loan guarantees and outright grants, the industry still comes begging.

And even after 20 years of such largesse, the industry can not show any meaningful benefit concerning any energy, pollution, or carbon problem.

Instead, rural communities have been left divided, landscapes degraded, bird and bat populations threatened, and already dwindling natural habitats destroyed.

I urge you to END the Production Tax Credit, the Investment Tax Credit, and any other federal support of industrial wind energy.

Statement of Kathy McIntyre

Kathy McIntyre, Editor, Gateway News

17503 East 104th Way, Commerce City, CO 80022

720-221-7352, Kmcint4248@aol.com

Title of Hearing: Hearing on Certain Expiring Tax Provisions

I, Kathy McIntyre, Editor of the Gateway News in Commerce City, Colorado, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Do not wait to extend the credit as the delay will cause undue stress right here in my own community as we have the Vestas wind turbine plant here that employees many of our residents. There is no need to wait and there is no doubt in anyone's mind that wind is one of the very best renewable energy sources the world has. Please from a community that is counting on you to make the right decision.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right

Sincerely and respectfully,

Kathy McIntyre

Statement of Kathy Nobles

April 25, 2012

I, Kathy Nobles, Project Asset Manager, Clipper Windpwer Development Company, LLC, 6305 Carpinteria Avenue, Ste 300, Carpinteria, CA 93013, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Please act immediately. Letting the PTC expire will mean the loss of thousands of American jobs. Waiting to extend the PTC until after the December 31, 2012 expiration date will cause irreparable damage to the progress and momentum established. A vote for the PTCV is a vote for American jobs and keeps money in America.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I live in one of the pioneer wind communities, Tehachapi, California, and have been employed in the wind energy industry for 22 years. I have seen the positive impacts of wind energy in my community and other communities – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Kathy Nobles
Kathy Nobles Project Asset Manager
Clipper Windpwer Development Company, LLC
6305 Carpinteria Avenue, Ste 300, Carpinteria, CA 93013

Statement of Kenneth Maurer

Kenneth B. Maurer
16611 Ehlers St.
Omaha, NE, 68135
402-896-9385
d80ken@gmail.com

April 24, 2012

Committee on Ways and Means
Chairman Dave Camp
1101 Longworth HOB
Washington, D.C. 20515

Dear Committee Members:

I, Kenneth B. Maurer a wind energy advocate in Omaha, NE. respectfully urge Congress to extend the wind energy production tax credit as swiftly as possible in order to prevent the loss of tens of thousands of jobs in the industry.

While I can understand the reluctance to provide further tax energy credits during this troubling economic period, I think not passing it would only create additional hardships. Failure to pass the PTC will only lead us towards further dependence on foreign oil. The only sensible way to break the grip of this dependence is to provide alternative energy sources in the United States. "The answer my friend is blowing in the wind"

The wind energy credits helped the technology grow from 9,000 megawatts in 2004 to over 46,000 megawatts today. With this growth we have seen rural communities revitalized or reenergized with jobs. Our country needs the PTC to help drive in investment dollars that bring in wind turbine manufacturing ,wind farm construction and long term wind turbine maintenance jobs. These jobs drive community growth.

We have seen a turnaround in our auto industry, but for that to continue to grow along with other American industries we need to support American jobs. Please, do what's right for America and support this tax credit that provides incentive for the wind industry to keep this country moving on its path to energy independence.

Sincerely,

Kenneth B. Maurer

Statement of Kent Greentree

Kent Greentree
P.O.Box 414, La Veta, CO 81055
kentgreentree@yahoo.com
719-251-3753

Dear Senators and Congressmen of the Ways and Means Committee,

Please extend the Wind Energy Production Tax Credit as soon as possible. I am fully aware that in these difficult times sacrifices must be made but this is not one of them. Not passing this bill has hurt the wind industry severely here in Colorado. Hundreds of employees of Vestas Wind Turbines are facing layoffs. All future new site plans are shelved. And many individuals like myself who have invested in our futures by going to college and incurring heavy student loans are now facing giving up on our future in wind with no way to pay back those loans. I personally have had to go on food stamps, defer my loan payments, take up a seasonal low paying job, and put my home up for sale.

I want to remind you that everyone gains by creating wind farms. The revenue wind farms bring in branches out to so many, from landowners to county tax revenues, to even the power companies when they're not producing. And, all the many companies who not only make the turbines but all those who build the small parts, ans those who install and maintain them.

So, I respectfully ask you to move the PTC through as soon as possible before any more damage occurs. Please move now.

Thank You

Kent Greentree

Statement of Kent Spriggs

House Ways and Means Committee

Hearing on Certain Expiring Tax Provisions

Wind is clearly a major technology as we work toward sustainability.

Some States have made a good start. Some countries, e.g., Denmark, wind generates over 20% of the national total.

We have historically given favorable government treatment to other forms of energy such as oil and nuclear (limitation on liability).

Wind power is a great jobs generator.

Please extend the wind energy production tax credit.

Kent Spriggs
Spriggs Law Firm
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Statement of Kirman Broadbent

Builder's Construction Services Inc.
PO Box 379 - 200 Main St.
Touchet, WA 99360
(509) 394-2000 Office (509) 394-2978 Fax
e-mail: bcsinc@pocketinet.com

April 24, 2012

*Builders Construction Services Inc., a leading wind project developer/Contractor based in **Touchet, WA** urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.*

Builders Construction Services Inc. has been actively involved in the Wind Energy business since 1982. We also work in other Renewable Energy endeavors. Two years ago Builders Construction Services Inc. had 60 employees, we currently have 6 employees and are not sure at this time if we will be able to continue in the Renewable business without an energy Policy that will show some long term investments that will pay off for Builders Construction Services Inc. An extension of the PTC would be a good start to an Energy Policy this Administration lacks.

We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Kirman J. Broadbent
Vice President

Submission of KPG Investments, Inc.

To the Select Revenue Measures Subcommittee of the House Ways and Means Committee Hearing on Certain Expiring Tax Provisions Thursday, April 26, 2012

Contact: Joan Stephens
Controller
8280 Princeton Square Blvd W, Suite 8, Jacksonville, FL 32256
(904) 733-4440
kpginvestments.net

KPG Investments, Inc. is submitting the following comments in conjunction with the April 26 Select Revenue Measures Subcommittee hearing on "Certain Expiring Tax Provisions." In particular, KPG Investments, Inc. offers comments in support of retroactively extending provisions relating to the Work opportunity tax credit (WOTC), one of the tax credit provisions collectively referred to as the "tax extenders".

As many others have noted, the tax reform in which these tax extenders will be evaluated may take some time to accomplish. Until that occurs, it is important to maintain certain tax provisions that help to stimulate investment and jobs. These provisions need to be extended as expeditiously as possible to eliminate business uncertainty that is causing delays in investment and hiring.

For small businesses such as ours, WOTC has had proven results. WOTC has become an important tool to help job creators like us hiring and training our workforce. It is not enough to reduce employee social security contributions and provide funds to unemployed. If Congress wants to support business growth and reduce unemployment, particularly amongst the least skilled, it needs to help businesses like ours by reducing the cost of hiring, on-boarding, and training.

Business uncertainty that has resulted from Congressional delay in extending these provisions has led to a slowdown in investment and hiring. It is critical for businesses such as ours that the current tax system provides certainty in the interim.

We respectfully urge this Subcommittee to act expeditiously to extend business tax "extenders," and particularly the Work Opportunity Tax Credit Program, until such time that tax reform can be enacted.

Joan M. Stephens

Statement of Kristina Cliff-Evans

I, Kristina Cliff-Evans, a retired nurse in Philadelphia, PA, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Congress has previously encouraged the development of energy companies in the past to assist them in getting started. It is crucial for the wind industry to have this assistance to enable our country to take advantage of this extremely important renewable, clean energy. The PTC drives billions of dollars in private investment in homegrown American wind power each year and will bring construction and maintenance jobs and generate revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is the right thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

STATEMENT FOR THE RECORD
Rand Wentworth
President, Land Trust Alliance
HOUSE WAYS AND MEANS COMMITTEE
SUBCOMMITTEE ON SELECT REVENUE MEASURES
"HEARING ON CERTAIN EXPIRING TAX PROVISIONS"
APRIL 26, 2012

Chairman Tiberi, Ranking Member Neal, and distinguished members of the Subcommittee on Select Revenue Measures, thank you for holding a hearing on the extension of short-term tax provisions. The Land Trust Alliance represents 1,700 land conservation nonprofits across the country, many of whom work with landowners who would benefit from the now-expired enhanced deduction for contributions of capital gain property made for qualified conservation purposes (secs. 170(b)(1)(E) and 170(b)(2)(B)). We also work closely with a large coalition of sportsmen's, conservation, agriculture and forestry organizations that support renewing that incentive and making it a permanent part of the tax code.

Landowners can retire development rights on their land by donating a conservation easement to keep farm, ranch and forest lands in productive use, protect important fish and wildlife habitat, and conserve our scenic and historic heritage. Under previous law, landowners with modest incomes – such as most family farmers – received little or no tax benefit from donating what is often their family's most valuable asset. The limit on charitable deductions to 30% of a donor's Adjusted Gross Income simply did not allow modest-income landowners to take a deduction truly reflective of the value of their gift. By allowing such donors to deduct a larger portion of their income over a longer period of time, the enhanced deduction enables thousands of landowners to be able to afford conservation.

First passed in 2006, and renewed in 2008 and 2010, the enhanced tax deduction for conservation easement donations has helped us boost such donations by one-third, enabling landowners to voluntarily conserve more than a million acres a year of forest, farm and rangelands. It has even greater potential – but that potential can only be realized by making the incentive a long-term part of the tax law.

The lapse of this incentive for most of 2010 led to the loss of hundreds of potential donations to protect lands with important natural, agricultural and historic values – and we face this same situation in 2012. An on-again, off-again incentive makes it very difficult to educate potential donors. In addition, donating a conservation easement is a lengthy and expensive process for a landowner, often taking multiple years and tens of thousands of dollars to complete. Understandably, many landowners will simply not begin that process without knowing the incentive will be in place at the end.

We are proud of the broad bipartisan support for H.R. 1964, the bill to make this incentive permanent introduced by Representatives Jim Gerlach (R-PA) and Mike Thompson (D-CA). It now has a total of 304 co-sponsors in the House, including majorities of both parties' caucuses. We urge the House to act soon to reinstate this common-sense conservation legislation.

We also strongly support continuation of the basis adjustment to stock of S corporations making charitable contributions of property (sec. 1367(a)). This provision removes a limit to the size of charitable deductions an S corporation can take, so that donations from S corporations are treated the same as donations from partnerships. It has enabled extremely valuable charitable contributions of land and conservation easements to be made by S corporations that simply would not have been possible without this provision.

Lastly, we would like to point out that amongst other measures expiring at the end of this year are reforms (secs. 2031(c)(2) and (c)(8)(A)(i)) that clarified sec. 2031(c), an estate tax exclusion for property protected by a conservation easement and eliminated obscure and difficult to administer geographic limitations for the exclusion. This change was a simplification and a reform – letting it expire would be a step in backwards in tax reform.

Submitted by Rand Wentworth on behalf of:

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Washington, DC 20036-5635
Phone: 202-638-4725
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Email: president@lta.org

LPPC
www.lppc.org

The Large Public Power Council

PO Box 34321, Washington DC, 20043 | P (202) 430-0101 | F (843) 278-8351 | lppc@lppc.org

Statement of the

Large Public Power Council

for the Record of the Hearing on

Certain Expiring Tax Provisions

April 26, 2012

before the House Ways and Means Committee

Subcommittee on Select Revenue Measures

The Large Public Power Council (LPPC) is pleased to submit its statement for the record to the Subcommittee on Select Revenue Measures of the House Ways and Means Committee in connection with its hearing on certain expiring tax provisions held April 26, 2012.

The Large Public Power Council is an organization representing 23 of the largest locally owned and operated not-for-profit electric systems in the nation. LPPC members are located in 10 states and Puerto Rico and provide electric service to most of the 45 million people served by public power. Over 75,000 megawatts of generation capacity is owned and operated by LPPC members.

LPPC and its members support the extension of the following provisions: (1) the Clean Renewable Energy Bond (CREB) program, which was enacted as part of the Energy Policy Act of 2005, and was extended twice and for which additional allocations of bond authority were made but which is currently without any available allocation; (2) the Treasury renewable grant program ("1603 grants"), with an amendment to permit public power to participate; and (3) Build America Bonds (BABs).

Clean Renewable Energy Bonds

Congress has recognized that renewable energy projects are generally more costly than electricity generated from fossil fuels and that this additional cost makes renewable energy more expensive to ratepayers. In an attempt to encourage the development of renewable resources for electricity, the Internal Revenue Code has provided a production tax credit for renewable energy projects with no corresponding provision to assist public power systems and cooperatives in building renewable generation. Congress sought to provide public power and cooperatives with an incentive that is relatively comparable to the production tax credit. As part of the Energy Policy Act of 2005 (the "Energy Policy Act"), Congress provided for the issuance of clean renewable energy bonds which were intended to provide qualifying borrowers with low-rate loans to finance their renewable energy projects.

The CREBs program was included as part of the tax title of the Energy Policy Act of 2005, which was signed into law in August of 2005. The original program, which provided for an allocation of $800 million in CREB funding, was extended twice and was modified in the Emergency Economic Stabilization Act of 2008 to make it more workable for public power and more attractive to investors. The Emergency Economic Stabilization Act and the American Recovery and Reinvestment Act of 2009 provided for an additional $2.4 billion in CREB funding split equally between public power providers, rural electric cooperatives, and other governmental bodies.

That amount has been fully allocated to issuers; there is currently no allocation for CREBs even though the need for the program, that is, the fact that renewable resources for electricity continue to be more expensive to develop, continues. Therefore, LPPC urges the extension of this program through an additional, preferably uncapped, even if temporarily, allocation, for the reasons described below.

LPPC is very appreciative of the incremental improvements to the program that have improved the marketability of the CREBs; however, there remain restrictions on CREBs that substantially reduce its effectiveness. Most significantly, the CREBs program has a volume cap ($800 million for public power providers) that ensures that only a small fraction of the qualifying projects of public power systems benefit from CREBs. In contrast, there are no volume limitations on the projects that are eligible for the production tax credit or the Section 1603 grant program. Introduction of a cap to the program creates both financial and planning challenges. From a financial standpoint, the cap has restricted the ability for utilities to finance an entire project with CREBs. In fact, the volume cap is set at such a restrictive level that 2 or 3 large-scale projects or utilities could use the entire cap. To date, the CREBs volume cap provided by the Congress has been dramatically oversubscribed by public power, even with many systems requesting only a small fraction of their renewable project requirements and many systems not bothering to apply at all. The fact is that an allocation of CREBs authority that is not large enough to finance an entire project does not compare financially to a privately owned PPA structure. Both publicly available data and LPPC's survey of its members plans bear this out: public power systems have almost always used PPA structures because, despite the inefficiencies and other problems, these structures are the lowest cost method of financing renewable energy projects.

The recently-enacted changes to the CREBs program to provide direct payments to CREBs issuers similar to the Build America Bonds program (in lieu of tax credits to the investors) is a very beneficial change. With this change, the marketability challenges have been alleviated and the restrictive cap is the primary issue reducing the effectiveness of the program.

Tax credits and grants for electric generation

Congress has enacted several tax credits for different types of electric generation facilities. First, as indicated above, the Internal Revenue Code provides a 1.5 cents per kilowatt production tax credit (indexed for inflation) for qualifying renewable energy facilities and a 1.8 cents per kilowatt production tax credit (indexed for inflation) for qualifying advanced nuclear facilities. As part of the American Recovery and Reinvestment Act of 2009 (ARRA), Congress recognized that tax credit programs can have significant limitations, particularly during difficult economic periods. Under new the Section 1603 of ARRA, Congress provided owners of renewable energy projects with the ability to obtain a 30 percent grant from the Department of Energy in lieu of a tax credit. As both the Treasury and Energy Departments have testified, this program has been enormously successful.

Unfortunately, this grant program was made inapplicable to public power systems and electric cooperatives. The combination of the success of the Section 1603 grant program and, before that, the production tax credit, and the limitations of the CREBs program have resulted in public power systems overwhelmingly turning to structures in which a private entity owns the renewable energy project and sells the electricity to the public power system under a power purchase agreement ("PPA"). There are many difficulties with these PPA structures. As much as 1/3 of the federal subsidy dollars are retained by the private intermediary and, as a result, are not used for the renewable project receiving the grant. Thus, for every dollar of federal assistance provided, only 70 cents is used for that renewable energy facility. The remainder of the grant is not certain to be reinvested in renewable projects in the United States. The inefficiency of the PPA structure would be eliminated if public power and cooperatives had direct access to the Section 1603 grant program and US taxpayer dollars and jobs would stay within the United

States. We urge that the 1603 grant program be extended and modified to permit the participation of public power and cooperatives.

Build America Bonds (BABs)

BABs are a new borrowing tool for State and local governments, including public power entities, enacted as part of ARRA. These bonds are conventional taxable bonds issued by State and local governments. The Treasury Department makes direct payments to issuers to subsidize a portion of their borrowing costs in an amount equal to 35% of the coupon interest on the bonds. ARRA authorized the issuance of BABs in 2009 and 2010 without volume limitations. Currently, there is no authority to issue new BABs.

The BABs program was very successful and expanded the market for State and local governmental debt. During 2009-10, BABs represented over 25% of the total dollar supply of State and local governmental debt. The program taps into a broader market of investors without regard to tax liability, for instance, pension funds. It also has relieved supply pressures in the tax-exempt bond market and has helped to reduce interest rates in that market. Making BABs permanent could promote market certainty and greater liquidity.

A number of LPPC members utilized BABs during 2009 and 2010 to finance essential new electricity generation and transmission infrastructure, creating much-needed quality jobs at the same time. We found the option to issue BABs a welcome addition to the limited options available for State and local governmental entities to finance large projects with long useful lives. We urge that the program be made permanent, or at the very least extended.

Conclusion

LPPC strongly believes that the electric industry needs to be provided with the appropriate tools to finance new electricity infrastructure and increase the use of clean and renewable resources to generate electricity. By doing this, Congress can help to ensure that U.S. consumers have access to reasonably, priced, reliable electricity while at the same time creating and sustaining quality jobs here in the U.S. Therefore, for the reasons discussed above, we urge the extension of the following provisions: (1) the Clean Renewable Energy Bond (CREB) program, with an uncapped allocation; (2) the Treasury renewable grant program ("1603 grants"), with an amendment to permit public power to participate; and (3) Build America Bonds (BABs).

Statement of Larry Frigault

Larry J Frigault
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Richfield Springs, NY 13439
Larry@Uticaromeinsurance.com
315-858-0549

United States Committee on Ways & Means

Hearing on member proposals related to certain tax provisions that expired or will expire in 2012

Distinguished members:

I am writing to you today to express my **strong opposition** to any extension of the production tax credit or the investment tax credit for renewable energy. My understanding is you are once again considering these credits to support the wind industry. If this was indeed a viable industry, the wind developers would not need this level of continued support. This is not a fledgling technology or industry. This is a 30 plus year old industry, which has grown only because of the insertion of billions of taxpayer dollars since its beginning. If this was a viable industry the private sector would have built it, just like the computer industry, and the cell phone industry to name a few. The public has virtually nothing positive to show for these tax expenditures, not cheaper electricity, not greener electricity and not enough jobs to justify spending billions.

Many promises have been made by this industry over the years. This industry has been created by large multinational companies using very established lobbyists, and public relation firms to convince you, our elected officials, of the benefits of wind turbines. The truth is none of the stated benefits have materialized, not 1 ton of carbon has been offset, not 1 traditional source of electricity has been turned off. This is the result after tens of thousands of these turbines have been erected with billions of tax dollars supporting them. What little energy they produce is almost worthless to our grid, because it only creates electricity when the wind blows. It simply is NOT a reliable source of electricity that can be effectively used by our grid. The only promise the developers manage to keep is the outsize returns by way of various tax credits given to huge corporations and investment pools. The size of the most modern of these turbines over 500 feet tall with a propeller which spans 2 and 1/2 acres spinning at over 200 miles and hour. These turbines spoil the view and quiet for thousands of acres surrounding each turbine. They can be seen from over 25 miles away and heard from over 2 miles away regularly, not occasionly, as the industry would have you believe. The developers have publicly stated these make as much noise as your refrigerator! Ridiculous! These developers have run out of sparsely populated areas (to waste taxpayer dollars where few citizens notice) and are now placing them in much more populated areas in NY, New England, the Great Lakes areas and so on. Much the same as the cigarette industry (with government support) denying the health of effects of tobacco, these industrialists deny these industrial installations can cause health issues when sited too close to humans. The evidence is accumulating daily from all around the world about the problems these installations are causing populations living near these installations. The developers downplay the slaughter brought forth on avian and bat populations. Grazing animals abandon these developed sites when they have the choice.

In my town, a wind developer has proposed an 18 MW project in an area with over 300 people living within 2 miles, many less than 1 mile. The cost of the project was estimated at $40,000,000. Our average wind speed is around 12.6 miles/hour, which barely makes it a viable site. When we calculate the average wind speed and a 25% utilization rate of the turbines, the project would produce roughly $800,000/yr. in electricity. So before any operating expenses, based on a generous 25 life expectancy of the turbines it will generate $20,000,000 in revenue. No business would do this! Each turbine looses money you can't make a profit by building more! You can only loose more money and then beg for more tax bailouts! Once again this is not a new industry, they have been taking our tax dollars for 30 years, and what do we have to show for it? There are over 30,000 wind turbines in America and they do not produce even 1% of our energy needs. Wind is intermittent, and by its very nature cannot be a reliable form of energy.

Please stop the funding of this destructive industry. The wind energy swindle is diverting our ever more precious tax dollars from being used to help our poor and support industries which actually create jobs in companies which provide benefits to our society as a whole. On top of everything I've said, many of these dollars end up going to foreign corporations adding insult to injury for the American taxpayers. $14 billion last year alone was given to them via the production tax credit, the more recent investment tax credit, and other tax and regulatory provisions, as well as loan guarantees and outright grants. Our government needs to be more fiscally responsible.

We absolutely need a sustainable energy policy, but I urge you to allow the scientific community to develop reliable solutions, not lobbyist, not snake oil salesmen. Please be responsible with our limited tax dollars and END the Production Tax Credit, the Investment Tax Credit, and any other Federal support of industrial wind energy. Any thing less would not be good stewardship. Thank you for your time.

Sincerely,

Larry Frigault

Statement of Larry Rogero

Name: Larry Rogero
Address: 10924 Ojai Santa Paula Rd, Ojai, CA 93023
Phone Number: 805.708.8659
Contact E-mail Address: lrogero@clipperwind.com
Title of Hearing: Hearing on Certain Expiring Tax Provisions

I, **Larry Rogero,** of Ojai, CA respectfully urge Congress to extend the wind energy Production Tax Credit (PTC) as quickly as possible.

The existence of the PTC over the last three years has allowed the leveraging of a relatively small amount of tax credits into over $30 billion of private investments in American based wind energy projects. This investment by the Federal government in these infrastructure projects have in turn spun-off annual property tax revenues, community development fees and private landowner payments that have provide critical economic support to local communities across the United States.

This investment by the Federal government has also resulted in high wage earning jobs for both white and blue collar workers. These well paying jobs generate sales, payroll and federal income taxes that have and will continue to provide much needed support to highly stressed local, State and Federal fiscal budgets. From an economic stewardship perspective, the American people simply want our elected officials to invest our hard earned and grudgingly paid taxes into initiatives and projects that provide a sustainable return on investment. The wind energy Production Tax Credit is exactly the type of investment a vast majority of American have and will continue to support.

Americans stand firmly behind the idea of developing and generating of homegrown and clean energy resources. The extension of the PTC for wind energy development projects is aligned with the values of the American people because it is a wise economic investment and sustainable part of the solutions needed to meet our current and future energy needs.

I urge the committee to take up and support an extension of the wind energy Production Tax Credit post haste.

Sincerely,

Larry Rogero

Statement of Laura Jackson

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions

Comments Submitted for the Record

The undersigned residents and property owners of the State of Pennsylvania respectfully submit these comments in response to the April 26, 2012 Hearing on Certain Expiring Tax Provisions. Our comments are limited to the Production Tax Credit (PTC) for wind energy.

Executive Summary: The PTC is often credited for most of the growth in the wind sector but attributing market activity to the subsidy is overly simplistic and fails to consider other crucial factors driving development. When evaluated against key economic and environment criteria, the cost of the subsidy has proven excessive and the benefits to American taxpayers minimal. If the PTC were to expire, the economics of the industry would shift to States with renewable mandates. Power markets will ultimately confront the real cost of wind energy, and price it accordingly. The overall impact on the industry would be far less severe than proponents claim[1].

Supporting Statements:

High Cost: Since adopted in 1992, the cost of the PTC for wind energy has ballooned from $5 million/year in 1998 to $1.5 billion annually today. The open-ended subsidy of 2.2¢/kWh in after-tax income represents a pre-tax value of approximately 3.7¢/kWh. In many regions of the country the PTC now equals, or is greater than, the wholesale price of power. Even if the PTC were to sunset, taxpayers are still obligated to cover nearly $10 billion in tax credits for wind projects built in the last decade. This is in addition to the $15 billion debt for wind projects eligible under Section 1603 (including anticipated 2012 grants).

Inefficient: Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind capacity exceeds transmission capacity and wind is curtailed[2]. In New England the PTC likely pays more subsidy than is necessary owing to aggressive State mandates. Utilities in New England routinely sign long-term power contracts for wind at prices significantly above market.

Other factors advancing wind development: The industry insists it's at risk of a slow-down without the PTC. This view ignores other crucial factors driving development including state mandates and natural gas prices. It is not possible given available data to identify the extent to which the PTC has contributed to growth in the sector[3]. In fact, demand for wind has eroded recently due, in part, to

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[1] Linowes et.al. 2012 Congressional Testimony http://science.house.gov/hearing/subcommittee-investigation-and-oversight-subcommittee-energy-and-environment-%E2%80%93-joint-hearing

[2] Wiser and Bolinger, 2010 *Wind Technologies Market Report*, (2011) vii http://eetd.lbl.gov/ea/ems/reports/lbnl-4820e.pdf

[3] Joint Committee on Taxation, *Present Law And Background Relating To Tax Credits For Electricity Production From Renewable Sources* (2005) 14 https://www.jct.gov/publications.html?func=startdown&id=1579

states meeting their renewable mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

Environmental benefits: Wind energy is an unpredictable, variable resource that cannot be relied on to serve load. Its primary benefit is in reducing U.S. electric carbon emissions. According the Navigant[8], a four year extension of the PTC could avoid an incremental 170 million tons of CO2. This "best case" estimate is not predicated on an actual working grid region, but if we accept Navigant's estimate the cost to taxpayers is at least $23/ton CO2[9], ten-times the $1.92/ton market price for offsets in the Northeastern states participating in RGGI! The PTC is a high-priced vehicle for very questionable reductions of CO2 emissions.

Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly. For these reasons, we feel the PTC should not be extended.

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[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

[5] Wiser and Bolinger v - Note: No independent audits exist to confirm job counts. Since any new job in the electricity sector must contribute to increasing the cost of electricity, this creates economic de-stimulus.

[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12
http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012)
http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. Study assumes some wind built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than $23/ton.

[10] Joint Committee on Taxation 14

Supplemental Sheet

Submitted by: Laura Jackson 8621 Black Valley Road Everett, PA 15537
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Date submitted: May 09, 2012

Comments submitted on behalf of the following residents and property owners of the State of Pennsylvania

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Statement of Laura Kramer

I, Laura Kramer, an Assistant Editor in Boston, MA, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Laura Kramer

April 24, 2012

Statement of LED Services Inc.

Dear Ms Lee:

We are a minority UDBE/DBE SBE firm in Oakland California. We are a renewable energy firm, we sell a renewable energy wind turbine, one of a kind, tested And proven. If the PTC is not saved, our clients will not have an incentive to convert to our technology, and we will have to seriously examine moving the company to Canada, Mexico or South America. Our product is beneficial to the client and the environment And we want to stay in the US, specifically California.

Please help us by renewing the PTC.

Thank you

John Lopez
CEO, LED Services Inc.

Statement of Lee Glover

M. Lee Glover
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Wayzata, MN 55391
612-386-7292
gloverlee29@gmail.com

RE: Hearing on Certain Expiring Tax Provisions

I respectfully urge Congress to **work together** to pass an extension of the renewable energy production tax credit (PTC) as quickly as possible. I started working in the wind industry just two years ago and have seen firsthand how a wind project has contributed to a local economy here in Minnesota.

The long project development and manufacturing lead times for wind energy projects mean that the PTC has already effectively expired. Right now, wind project developers are not making plans in the U.S. and American manufacturers are not receiving orders. The wind industry is facing the recurrence of the boom-bust cycle it has seen in previous years when the PTC was allowed to expire. In the years following expiration, installations dropped between 73 and 93%, with corresponding job losses. I don't want this to happen again.

Equipped with the PTC, the wind energy industry has contributed impressively to U.S. economic development. The PTC has been instrumental in helping the wind industry to:
-Lower the cost of wind power by more than 90%
-Manufacture components for wind turbines at over 400 U.S. manufacturing facilities
-Power the equivalent of 10 million American homes
-Provide 35% of all new U.S. power capacity in the past four years

Please work with your colleagues to pass a PTC extension as quickly as possible. In doing so, you will give the wind industry the certainty that it needs to continue to grow its American manufacturing base and invest in clean, affordable, homegrown wind power.

Thank you for your consideration.

Lee Glover

Leeco STEEL

Leeco Steel , LLC
1011 Warrenville Road
Suite 500
Lisle, Illinois 60532

May 2, 2012

RE: Hearing on Certain Expiring Tax Provisions

I, John Purcell, Vice President, Wind Energy for Leeco Steel, LLC, Lisle, IL respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC has provided a way forward for thousands of good paying jobs to be created for many Americans in need of these jobs today. Without it, a minimum of 37,000 jobs are at immediate risk, and many of those jobs are already being eliminated as the slowdown in manufacturing in the wind sector is already taking place.

My company, Leeco Steel, serves as a raw plate steel provider to many of the wind tower factories across America, and have been since a stable PTC was established in 2005. The on again, off again politics of the PTC prior to 2005 did not allow for a strong manufacturing supply chain to be established in the US. In 2005, the US had about 25% local manufacturing within the wind industry. Today, with a stable PTC, the US participation has grown to roughly 65% of the supply chain. However, that is quickly shrinking due to the impending expiration of the PTC. Just today, LM Fiberglass announced layoffs of 180 good paying manufacturing jobs in the US due to the slowdown in the wind industry. Vestas also issued another warning of looming layoffs in the US as a result of the slowdown due to the PTC expiry date nearing and orders within the industry being nearly non-existent on the horizon for much of 2013.

Leeco Steel is a major player in the wind industry, and our business in the wind industry is expected to suffer dramatically as we move beyond the June time frame. If the PTC is allowed to expire, it will deal a significant blow to the many years of effort we have put into this industry, and many of our wind tower manufacturing customers will be left to wonder when they will have to close their factories for a period of time or potentially altogether, depending on when an extension can be passed.

It is imperative that the PTC is extended immediately, and I am asking for your support of this extension now.

Best regards,

John Purcell
Vice President, Wind Energy

Phone: 630-427-2100 • **Fax:** 630-427-2190 • **Toll Free:** 800-621-4366 • **Web Site:** www.leecosteel.com

Submission of Leppinks, Inc.

To the Select Revenue Measures Subcommittee of the House Ways and Means Committee Hearing on Certain Expiring Tax Provisions Thursday, April 26, 2012

Contact: Carrie Daenzer
Human Resource Director
303 W Main Belding MI 48809
616.794.3660

Leppinks, Inc. is submitting the following comments in conjunction with the April 26 Select Revenue Measures Subcommittee hearing on "Certain Expiring Tax Provisions." In particular, Lepinks, Inc. offers comments in support of retroactively extending provisions relating to the Work opportunity tax credit (WOTC), one of the tax credit provisions collectively referred to as the "tax extenders".

As many others have noted, the tax reform in which these tax extenders will be evaluated may take some time to accomplish. Until that occurs, it is important to maintain certain tax provisions that help to stimulate investment and jobs. These provisions need to be extended as expeditiously as possible to eliminate business uncertainty that is causing delays in investment and hiring.

For small businesses such as ours, WOTC has had proven results. WOTC has become an important tool to help job creators like us hiring and training our workforce. It is not enough to reduce employee social security contributions and provide funds to unemployed. If Congress wants to support business growth and reduce unemployment, particularly amongst the least skilled, it needs to help businesses like ours by reducing the cost of hiring, on-boarding, and training.

Business uncertainty that has resulted from Congressional delay in extending these provisions has led to a slowdown in investment and hiring. It is critical for businesses such as ours that the current tax system provides certainty in the interim.

We respectfully urge this Subcommittee to act expeditiously to extend business tax "extenders," and particularly the Work Opportunity Tax Credit Program, until such time that tax reform can be enacted.

Carrie Daenzer

Statement of Leslie Weaver

May 10, 2012

Dear Members of the House Ways & Means Committee:

I am a resident of New York City with strong ties to a rural dairy farming region in upstate New York that is also at the heart of some major bird migration routes between the Catskills and Adirondacks, and I am writing to urge you as strongly as possible to immediately and permanently end ALL production tax credits and any other federal support for industrial wind energy.

While the wind industry – which has been trying to make major inroads into heavily dairy farmed, relatively heavily populated and environmentally sensitive rural areas in upstate New York -- touts wind energy's generation "capacity," actual production is far lower because of the intermittent nature of wind. Wind energy is also very costly to transmit over long distances.

Because of this and because of the wind industry's long-term reliance on billions of dollars in federal subsidies, it is an outrageously costly and inefficient form of energy production that this country simply cannot afford.

In addition, while some wind projects in remote desert or other areas may be OK, they are completely inappropriate for relatively populated rural areas like upstate New York that are heavily farmed and/or environmentally sensitive. A growing body of evidence also indicates that wind projects through their turbines' noise, vibrations, and other impacts can cause substantial harm to nearby residents, farm animals, and property values, as well as to migratory birds and other wildlife.

Wind projects and turbines (including some now planned that will be some 50 stories high – much higher than the Capitol dome in Washington, D.C.), built on high ground or fragile ridges and visible for miles around, along with their associated transmission lines, not only scar the landscape and cause environmental harm, but create industrial areas that can permanently alter the character of rural communities. Congress has a strong responsibility not only to look out for the interests of such impacted residents and small agricultural communities, but also to protect our nation's treasured and environmentally sensitive areas of exceptional national beauty, including the Great Lakes and upstate New York, as a patrimony for generations to come. Wind turbine projects do not belong in these areas.

At a time of severely strained budgets, when every tax dollar should be spent for maximum long-term benefit, earmarking any further PTC or other funding for the costly wind industry that can not only cause the harm discussed above but that has only a negligeable effect on CO2 reduction – and thus hardly even helps to address climate change -- amounts to pouring money down the drain into a giant white elephant.

How can it possibly make sense to continue building even more wind projects – each of which costs millions of dollars to erect and comes with a costly ten-year subsidy built in – when their long-term costs will not be sustainable, their life spans will be relatively short, and they will eventually require much additional funding to be spent unproductively to decommission?

It would make far more sense to create valuable long-term jobs and to foster our nation's future economic competitiveness by building small gas or coal-fired plants with state-of-the-art filter and other clean-energy technology close to their prospective markets, while also channeling some scarce funding to other forms of truly "green" energy, such as solar power. Substantial funding should also be earmarked for modernizing our country's outdated infrastructure, including roads and bridges.

In conclusion, I urge you to permanently end the Production Tax Credit and any other federal or other subsides for industrial wind energy. On balance, industrial wind energy is NOT green and should not be propped up with any further taxpayer dollars.

Thank you very much for your consideration.

Sincerely,

Leslie Weaver

Leslie Weaver
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Title of hearing: "Hearing on Certain Expiring Tax Provisions"

LM WIND POWER
Blades

LM Wind Power, a *leading wind project manufacturer based in* ***Grand Forks, North Dakota*** *urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.*

Our company has over 500 employees and is facing a cliff at the end of the year. In November our production numbers will reduce to almost nothing. We will have to lay off employees. We have fought since 1999 to keep Grand Forks, a viable place to do business. We are the flagship unit of LM Wind Power manufacturing units around the world. We have taken the local company from a cash negative position 6 years ago to the top producer in the world. We have fought as local Grand Forks residents to bring pride to the community through local involvement.

Our primary customer is GE, and with the uncertainty *of the PTC's future, we will have very little or nothing to sell in the US. While wind wind development activity and instead redirecting our customer's markets to India and China.*

I personally wake up every day feeling proud that I can contribute to the renewable energy sector. I understand the budget issues we face as a country. I just firmly believe that a diverse energy portfolio for the country is in all our best interests. You have probably heard this argument a lot. I just wanted to make sure you heard it from me, a North Dakota resident with 4 kids and a job to keep. We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Thanks for your consideration.

Kind regards,

Dana E Paulson
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LM Wind Power Blades
lmwindpower.com

Together we capture the wind to power a cleaner world

Statement of Local Initiatives Support Corporation

[redacted]

STATEMENT FOR THE HOUSE WAYS AND MEANS SELECT REVENUE MEASURES SUBCOMMITTE APRIL 26, 2012 HEARING ON CERTAIN EXPIRING TAX PROVISIONS

Submitted on May 10, 2012

Local Initiatives Support Corporation (LISC) is a national intermediary community development financial institution founded in 1979. Our mission is to build healthy, sustainable neighborhoods that are "communities of choice": good places to work, do business and raise children. We are pursuing this mission through *Building Sustainable Communities (BSC)* – a targeted, comprehensive strategy to transform whole neighborhoods by achieving five interconnected goals: (1) expanding investment in housing and other real estate; (2) increasing family income and wealth; (3) stimulating economic development; (4) improving access to quality education; and (5) supporting healthy environments and lifestyles.

LISC often relies upon support from federal programs to engage in the type of comprehensive community development work that is needed in low-income communities, and two of the most critical tools that support our efforts are the New Markets Tax Credit (NMTC) and the Low Income Housing Tax Credit (LIHTC).

<u>New Markets Tax Credits</u>

Through 2011, LISC has placed $645 million of NMTC investments in 66 different businesses and real estate projects, helping to develop or rehabilitate 7.25 million square feet of commercial and community space, and supporting the creation or retention of 17,000 jobs. The NMTC expired in 2011, and it is essential that it be made a permanent part of the tax code.

The NMTC provides an incentive in the form of a tax credit for investors to make equity investments in U.S. Treasury-certified Community Development Entities (CDEs), which in turn deploy the capital to support businesses and real estate projects in low-income communities. The credit totals 39 percent of the investment amount and is claimed over a period of seven years. The NMTC has proven to be a very successful program, on a number of fronts:

1. **NMTCs are responsive to market needs.** Unlike other programs which are narrowly targeted, NMTCs support a broad range of community revitalization efforts, including: health care centers in medically underserved areas; public charter schools and childcare facilities; grocery stores in food deserts; athletic facilities that help restore dangerous, deteriorating parks; and manufacturing

facilities that return good jobs to disinvested areas. LISC has funded these types of projects and many more office, retail and mixed-use facilities, as well as small and mid-sized businesses. Whatever the needs of the low-income community, LISC has used NMTCs to respond.

2. **The competition for credits produces better outcomes.** CDEs must apply to the Treasury Department for the authority to provide tax credits to their investors, and the competition is incredibly fierce. In 2011, 314 CDEs requested a total of $26.6 billion in allocation authority, or over seven times the $3.5 billion that was available for allocation. Only 70 CDEs, or less than a quarter of the applicant pool, were selected to receive awards. Due to this intense competition, only those entities that commit to achieving certain outcomes (e.g., targeting severely distressed communities; offering significantly preferential rates and terms to borrowers; deploying additional funds to low-income communities) and have a strong track record of performance receive an allocation.

3. **The structure of the credit allows for efficient program administration.** Rather than underwriting and approving specific transactions, the Treasury Department underwrites the quality of the CDE, and then allows CDEs the flexibility to identify and fund the projects that will achieve the dual goals of revitalizing communities while offering investors sufficient returns on their investments. Furthermore, the investors provide rigorous due diligence and compliance monitoring to ensure that the CDE's use of proceeds is in compliance with Federal regulations. The investor due diligence distinguishes tax credits from federal grant programs, and results in a more robust and efficient compliance monitoring system.

4. **NMTCs impact the hardest hit communities.** While all NMTC investments must be made in low-income communities, the vast majority of investments have been made in communities characterized by severe economic distress. In 2010, the most recent year for which complete data is available, 72 percent of NMTC investments were made in communities with a poverty rate of greater than 30 percent, a median family income at or below 60 percent of the area median, or an unemployment rate at least 1.5 times the national average. NMTCs connect directly to quality of life gains in places that have long known only disinvestment and decline.

5. **NMTCs create jobs for low-income community residents.** NMTCs represent a significant, successful job creation program. LISC's NMTC allocation alone has helped develop some 17,000 jobs that otherwise would not exist in these communities. With NMTCs, we create teaching positions as we support new and expanded educational facilities. We revitalize commercial corridors and fuel commercial and retail jobs. We fund redeveloped industrial brownfields to return land to productive use for offices, warehouses and new manufacturing ventures. And we support the wide range of construction jobs connected to developing all

of these projects. That has been particularly critical given the decline of the building industry during the recent recession.

6. **NMTC investments would not likely happen if not for the credit.** The GAO reported that an estimated 88 percent of NMTC investors said that they would not have made the same investment without the NMTC, and that 69 percent of investors had not previously made any investments in these communities.

The NMTC has proven to be an extremely effective economic development tool. As Congress considers making changes to the tax code, it needs to place a high priority on ensuring that this critical program is permanently authorized. With the certainty of permanent authorization, the competition for tax credits will become even stronger, as more CDEs invest the time and energy into participating in the program. This will lead to an even higher quality of business strategies and funded projects. Similarly, program permanency will also draw more investors to the program, which will result in higher pricing for the credit and, consequently, greater subsidy available for NMTC projects. This will enable more projects to be financed in distressed communities. Finally, with a permanent authorization, the Treasury Department could consider additional program improvements (such as larger, multi-year awards) that will add stability to an application process that currently cannot guarantee awards beyond a single year.

LISC has made very effective use of NMTCs. We have been in the business of building sustainable communities for over 30 years, and NMTCs are by far the best tool for bringing about the kind of comprehensive community development outcomes that are necessary to turn communities of despair into communities of opportunity. Congress should make sure that this program becomes a permanent part of the tax code.

Low Income Housing Tax Credits

Another major tool to build sustainable communities is the Low-Income Housing Tax Credit program, which has led to the construction and renovation of 2.5 million affordable apartments since 1986.

Fortunately, the Housing Credit is permanent and does not need to be extended. However, a provision that was enacted in 2008 that modifies the formula used to calculate the maximum amount of credits that states may allocate to a particular property development has effectively expired this month, and should be permanently extended.

Under legislation enacted in 2008, the minimum tax credit amount under the formula is nine percent. This provision expires for properties placed in service and rented to tenants beginning after 2013. Although this is technically a 2013 expiring provision, it is effectively expiring right now because a property receiving a Housing Credit allocation this month must be underwritten on the assumption that construction will not be completed before the end of the next year. As a practical matter, it just takes that long to plan, finance and build multifamily housing.

With the effective expiration of this provision, state housing finance agencies must reduce the amount of credits that can be allocated to specific property developments by about 18 percent. This will make it more difficult to develop affordable housing, even more so since other federal, state and local subsidies that support the development of rental housing are being cut significantly.

This issue is addressed in H.R. 3661, legislation that the Chair and Ranking Member of this Subcommittee introduced last year, that would extend the nine percent minimum credit indefinitely.

When Congress considers legislation to extend the tax provisions which expired at the end of 2011, and that will expire at the end of 2012, it should include an extension of this Housing Credit provision.

Statement of Lois Grossman

My name is Lois Grossman. I live in Medford, Massachussetts. There are two solar panels on my roof that I installed with a special matching grant from the company ten years ago. If I had not had that matching grant, I could not have afforded to install the panels. In these days of heavy subsidies to oil companies, I urge Cngress not to forget the rest of us. One way you can help is by extending th production tax credit for wind as quickly as possible. It is my intention to install a wind generator on my land within a few years. If the governemnt does not lend a helping hand to the wind (and solar, tidal and geothermal) industry, I will not be able to take advantage of established technology, which is always less expensive than experimental technology. Please move wind energy into the "established" sphere. We will never break our unhealthy dependence on fossil fuels if you don't act now.

Thank you

Statement of LORD Corporation 1

Richard L. McNeel
Chairman, President and CEO

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Cary, NC 27511 USA
919-468-5979, Ext. 6226
800-524-2885
Fax: 919-469-5138
Email: rick.mcneel@lord.com

May 4, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Tiberi:

LORD Corporation, a leading supplier serving the wind energy industry based in Cary, NC, urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

LORD Corporation is a diversified technology and manufacturing company with a long history of developing breakthrough adhesive, coating and motion management technologies that significantly improve the performance of our customers' products. We have provided innovative solutions to demanding energy industry customer problems for decades. We provide value to our customers through product design, process engineering as well as improved product performance.

Currently, LORD expects to ship $2.5 million in product to support wind energy developers in 2012. That figure could grow to $6 million next year, with a total pipeline of $10 million over the next several years. This represents new technology development that is driving innovation in this important industry—and job creation.

With the uncertainty regarding the PTC's future, we are already seeing a reduction in the commitment from our wind energy customers. Without an extension of the PTC, LORD will likely stop making investments in new wind energy-related research and development and will lose revenue on these expected sales to OEMs. We are just one of thousands of suppliers in this industry, and we are already seeing a negative impact that could result in job loss due to the uncertainty surrounding whether the PTC will be extended beyond 2012.

Therefore, I strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Sincerely,

Richard L. McNeel

Richard L. McNeel
LORD Corporation Chairman, President and CEO

Statement of LORD Corporation 2

May 4, 2012

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Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
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Therefore, I strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Sincerely,

Jonathan R. Kline
Director, Accounting and Corporate Controller
LORD Corporation
111 LORD Drive
Cary, NC 27511
Jon_kline@lord.com
(919)468-5979 ext.6414

Statement of LORD Corporation 3

May 4, 2012

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Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
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Therefore, I strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Sincerely,

Steve Brockman
Sr. Manager
LORD Corporation
111 Lord Drive
Cary, NC 27511

Statement of LORD Corporation 4

May 4, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

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Sincerely,

Wanda Young
LORD Corporation
111 Lord Dr.
Cary, North Carolina 27511
919-468-5979 x 6311

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May 4, 2012

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Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
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Sincerely,

Jeffrey Buaron
LORD Corporation
111 Lord Drive
Cary, N.C. 27511

Statement of LORD Corporation 6

May 4, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

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Sincerely,

Kristopher J Burson

111 LORD Dr, Cary, NC 27511
LORD Corporation

Statement of LORD Corporation 7

May 4, 2012

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Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
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Therefore, I strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Sincerely,

Athena Theodorakis

111 Lord Drive
Cary, NC 27511
LORD Corporation

Statement of LORD Corporation 8

May 4, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Tiberi:

LORD Corporation, a leading supplier serving the wind energy industry based in Erie, Pennsylvania, urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

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Therefore, I strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Sincerely,

George M. Kickel, Director ESH and Regulatory Compliance
LORD Corporation
2000 West Grandview Blvd.
Erie, PA 16514

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May 7, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Tiberi:

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Sincerely,

Bruce R. Bullock
Senior Counsel
LORD Corporation
2000 W. Grandview Blvd.
Erie, PA 16509

Statement of LORD Corporation 10

May 7, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Tiberi:

LORD Corporation, a leading supplier serving the wind energy industry based in Margate NJ, urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

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Sincerely,

Susan Alice
5 East Drive
Margate, NJ 08402
LORD Corporation

Statement of LORD Corporation 11

May 4, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Tiberi:

LORD Corporation, a leading supplier serving the wind energy industry based in Erie, PA, urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

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Sincerely,

Joseph Markiewicz
2000 West Grandview Boulevard, Erie, PA
LORD Corporation

Statement of LORD Corporation 12

May 7, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

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Sincerely,

Aundrea Perhay
LORD Corporation
111 Lord Drive
Cary, NC 27511
Aundrea.Perhay@lord.com

Statement of LORD Corporation 13

May 7, 2012

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Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
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Sincerely,

Mark W. Pressley

Mark W. Pressley

210 Lord Dr.
Cary, NC 27511
LORD Corporation

Statement of LORD Corporation 14

May 4, 2012

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Committee on Ways and Means
U.S. House of Representatives
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Washington, D.C. 20515

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Sincerely,

Edwin J. Koval

111 Lord Drive
Cary, NC 27511
LORD Corporation

Statement of LORD Corporation 15

May 4, 2012

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Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

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Sincerely,

Will Austin

Director of Government Affairs
LORD Corporation
111 Lord Drive
Cary, NC 27511

Statement of LORD Corporation 16

May 4, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Tiberi:

LORD Corporation, a leading supplier serving the wind energy industry based in Indianapolis, IN urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

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Sincerely,

Steven N. Cardwell
Quality Manager - Indianapolis
LORD Corporation
6151 E. 65th Street
Indianapolis, IN 46220
317-259-4161 X282

Statement of LORD Corporation 17

May 4, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

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Sincerely,

Shannon M. Whelan

5101 E. 65th Street
Indianapolis, IN 46220
LORD Corporation

Statement of LORD Corporation 18

May 9, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Tiberi:

LORD Corporation, a leading supplier serving the wind energy industry based in Indianapolis, Indiana urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

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Sincerely,

David J. Mascia
Lord Corporation
5101 East 65th Street
Indianapolis, IN 46220
LORD Corporation

Statement of LORD Corporation 19

May 4, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

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Sincerely,

Jennifer Jarels

5101 E.65th St.
Indianapolis, IN 46220
LORD Corporation

Statement of LORD Corporation 20

May 9, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Tiberi:

LORD Corporation, a leading supplier serving the wind energy industry based in Cary, NC urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

LORD Corporation is a diversified technology and manufacturing company with a long history of developing breakthrough adhesive, coating and motion management technologies that significantly improve the performance of our customers' products. We have provided innovative solutions to demanding energy industry customer problems for decades. We provide value to our customers through product design, process engineering as well as improved product performance.

Currently, LORD expects to ship $2.5 million in product to support wind energy developers in 2012. That figure could grow to $6 million next year, with a total pipeline of $10 million over the next several years. This represents new technology development that is driving innovation in this important industry—and job creation.

With the uncertainty regarding the PTC's future, we are already seeing a reduction in the commitment from our wind energy customers. Without an extension of the PTC, LORD will likely stop making investments in new wind energy-related research and development and will lose revenue on these expected sales to OEMs. We are just one of thousands of suppliers in this industry, and we are already seeing a negative impact that could result in job loss due to the uncertainty surrounding whether the PTC will be extended beyond 2012.

Therefore, I strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Sincerely,

Don Billheimer

5101 East 65th Street, Indianapolis, IN
LORD Corporation
(317)259-4161 X-255
Don_Billheimer@Lord.com

Statement of LORD Corporation 21

May 4, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Tiberi:

LORD Corporation, a leading supplier serving the wind energy industry based in Erie, PA, urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

LORD Corporation is a diversified technology and manufacturing company with a long history of developing breakthrough adhesive, coating and motion management technologies that significantly improve the performance of our customers' products. We have provided innovative solutions to demanding energy industry customer problems for decades. We provide value to our customers through product design, process engineering as well as improved product performance.

Currently, LORD expects to ship $2.5 million in product to support wind energy developers in 2012. That figure could grow to $6 million next year, with a total pipeline of $10 million over the next several years. This represents new technology development that is driving innovation in this important industry—and job creation.

With the uncertainty regarding the PTC's future, we are already seeing a reduction in the commitment from our wind energy customers. Without an extension of the PTC, LORD will likely stop making investments in new wind energy-related research and development and will lose revenue on these expected sales to OEMs. We are just one of thousands of suppliers in this industry, and we are already seeing a negative impact that could result in job loss due to the uncertainty surrounding whether the PTC will be extended beyond 2012.

Therefore, I strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Sincerely,

Stacy Rihel

2000 West Grandview Blvd
Erie, PA 16509
LORD Corporation

Statement of Luisa Cox

I, Luisa Cox, a concerned citizen and a Scottsdale (Arizona) resident *respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.*

The PTC drives billions of dollars in private investment in homegrown American wind power each year.

Wind energy production is an industry still in its infancy and needs nurturing to grow and produce much needed renewable, ecologically sound energy for America's needs, lessening our country dangerous dependence on foreign oil.

In addition, wind farms, wherever they are, bring construction and maintenance jobs helping the local economies, also means helping local schools and hospitals over the lifetime of the project.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Margaret Welke

My name is Margaret Welke and I live in Madison, WI. I am writing to urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Wisconsin greatly depends on imported energy – but it doesn't have to if our state would "see the light" and start investing in and granting tax credits to clean renewables, like wind energy. I pay a premium today to underwrite 100% wind for all of my domestic electrical needs.

Furthermore, the PTC drives billions of dollars in private investment in homegrown American wind power each year and it creates both blue and white collar jobs. Scaling up wind energy will create exponentially more jobs than oil, gas or coal combined.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is what I and the majority of Americans want to see happen in this country.

We are frightened, scared, angry and disgusted with the subsidies paid to fossil fuel companies and nuclear energy, which result in enormous loss and devastation like the on-going Fuskishima disaster and the BP oil spill, MTR and all its associated ills, fracking and so on.

As a result, I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Maria Luisa Bernaldo de Quiroz

Maria Luisa Bernaldo de Quiroz

10077 Grogans Mill Rd Suite 455

The Woodlands, TX 77380

Tel 281 362 9977

malu@summaholdings.com

Title of Hearing: Hearing on Certain Expiring Tax Provisions

I, Maria Luisa Bernaldo de Quiroz, from The Woodlands, Texas, respectfully urge Congress to extend the wind energy production tax credit (PCT) as quickly as possible. America has to continue to diversify its energy portfolio and catch up with other countries in renewable energy. Currently America is lagging behind most industrialized counties and is too dependent on foreign oil. This dependence causes America to spend billions protecting its interest in foreign countries instead of investing in its own country. It is a huge strategic mistake that is draining our economic power by transferring America's wealth to oil producing countries. This transfer of wealth is massive and America must correct this mistake. Reducing America's dependence in foreign oil must be a priority for Congress .

Respectfully,

Maria Luisa Bernaldo de Quiroz

Statement of Mark DuRussel

Friday, April 27, 2012

To the House Ways and Means committee:

I respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

Not extending the tax credit sends mixed messages to the industry, and makes their planning for future growth more difficult.

Again, I urge the committee to take up an extension of the wind energy production tax credit right away. Thank you for considering my comments.

Sincerely,

Mark DuRussel
Software Developer
21 N. Harwood Cir.
Madison, WI 53717

Statement of Mark Feigenson

I, Mark Feigenson, from Princeton, New Jersey, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible. As a result of the PTC, billions of dollars of private investment have been made in wind power, creating jobs and generating revenue during the recession. At this time of high gasoline prices, it is a travesty not to show a commitment to alternative forms of energy. Moreover, we need to wean this country of its dependence on fossil fuels so as to free ourselves from dependence on the undependable Middle East for our energy sources. Wind power may not be THE answer, but every step we take is a step toward energy independence and a cleaner environment. The sooner we encourage more investment in alternative energy sources, the greater will be the opportunities for developing more viable, economical alternatives. I urge the committee to take up an extension of the wind energy production tax credit right away.

Respectfully,
Mark Feigenson

Statement of Mark Weller

I, Mark Weller Student and writer, Newman, Ca. 95360 respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near Tracy, Ca. revitalize the community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Mark G Weller

1220 Main St. Newman, Ca. 95362

209-817-9012

Statement of Marshall Hollander

I

Hearing on Certain Expiring Tax Provisions"

TO: The U.S. House Subcommittee on Select Revenue Measures

Marshall Hollander—Citizen Advocate

369 Hugick Rd.
Richfield Springs, NY 13439

Phone:315-360-2873

E-mail:Wotan99@aol.com

(text on pages 2 and 3)

I am writing the committee as a concerned citizen, taxpayer and voter, to end more subsidies for the "wind industry" in this country. I ask the committee not to support more renewals of the various, exorbitant, and long running subsidies for this industry. I urge you to end the PTC-Production Tax Credit, the Investment Tax Credit, and other special federal support for this industry.

The wind industry has made extravagant claims for years, but has failed to live up to them. It has enticed us with the idea that wind is free-and it is a clean, cheap alternative that will solve our energy demands. in fact, wind barely made a dent in our electricity generation needs, and also failed to make any contribution to helping the environment. Without subsidies, there would be no wind industry-and with all the taxpayer money they have received over the last 20 years; they still cannot make it as a real business.

They are not really a business at all, but a clever scam, playing on the idealistic hopes of American environmentalists, by using massive amounts of tax dollars for unwarranted gain.

Particularly in the economic situation we find ourselves in we can no longer afford to waste precious taxpayer dollars on an unproductive technology. What is even more outrageous is the fact that much of this money does not even go to US companies. Congress must put an end to this! The turbines themselves are mostly manufactured in China at this point. Vestas, the Danish company which produces many of the turbines used in the US, is manufacturing more in China now. GE, which claims to be a US company, actually produces its turbines in China, and calls them American made because of some minor assembling in the US.

The claim that the wind industry creates green jobs, is just that, a claim. What are these jobs, and where are they? Other than the initial construction (since the turbines themselves are not manufactured here) largely requiring a specialized crew which goes from project to project-the projects are remotely controlled and require no manpower.

In my region of upstate NY, where wind projects disrupt communities, degrade lifestyles, despoil the countryside, devastate property values and result in lawsuits and bitterness-the companies behind the domestic LLC's are all foreign owned. In every case I'm aware of they have been Spanish, French or Irish.

The turbines which at best are 30% efficient (and in the summer when the power is needed as low as 10%), never produce anything resembling what they are rated for. The power when it is generated is fed into the power grid-not used locally. The regular power companies are forced to purchase this electricity which can be 3,4, 5 times more expensive than what they are paying for conventional sources of electricity-who then pass these higher costs on to the consumer. The turbine projects draw large amounts of power from the grid to enable them to operate properly-and the wind industry will not reveal the full power use required, versus the amounts that may be generated.

If this technology were truly making a contribution to our energy needs, and helping the environment (it is said that world wide not one conventional power plant has ever been closed due to wind power) then-in appropriate locations-support could be justified. But it's doing none of that.

Therefore, again, I call on the committee, indeed all members of congress, to end this wasteful feeding trough for an industry that has failed the test of time-and must either stand on its own, or stop begging for handouts from the American taxpayer.

Statement of Mary Burns

Mary C. Burns (self)
30 Burke Drive
Batavia, NY 14020
(585)813-7040
eburns7@rochester.rr.com

Hearing on Certain Expiring Tax Provisions

I am writing to voice my opposition to the Production Tax Credit for industrial wind projects. I have outlined below three fallacies and three truths about industrial wind. These projects are expensive, fail to create significant jobs and do not reduce greenhouse gas emissions. These energy projects have already received an excessive amount of subsidies and they are still not competitive with other energy forms. Finally, these projects cost residents and taxpayers more financial burdens through increased transportation costs and health issues.

Three Fallacies about Industrial Wind

The first, and worst, fallacy of industrial wind is that it reduces carbon dioxide emissions. Jonathan Carter addressed this issue, in *The Maine Woods*, a publication of the Forest Ecology Network. He notes:

> Mountaintop industrial wind will not reduce our
> consumption of oil and will not reduce green house
> gas emissions. Only 1 per cent of the electricity in the
> United States is produced by oil....Three separate studies
> have now shown that industrial wind does not reduce greenhouse gasses.

http://www.forestecologynetwork.org/pdf%20files/TMW_Jan_2012_lores.pdf

Please stop supporting wind energy corporations with government handouts. I would like my tax money to be used for products and services that promote conservation and energy efficiency. Conserving energy and making more goods energy efficient provide a greater return on investment and do reduce greenhouse gasses.

A second fallacy of the industrial wind is that it creates jobs. For example, EverPower promised the residents of Howard, New York nine jobs at the new Howard Wind Project. The project is now up and running and only employs one person. Moreover, many workers have been displaced by this renewable energy source. Willem Post writing for The Energy Collective discusses this concern in a post dated February 24th, 2012 and titled: "Vermont Leaders Back Away from Renewable Energy Goals". He notes that: " Numerous studies in Spain, Italy, Denmark, England, etc., show, if subsidies cause some jobs to be created in the inefficient RE sector, the money taken from the private economy causes the loss of about 2-5 times that many jobs in other sectors."http://theenergycollective.com/willem-post/77343/vermont-leaders-back-away-renewable-energy-goals

I respectfully request that funds should be provided for programs that provide energy efficient appliances, homes, windows and insulation.

The third fallacy of industrial wind is that it needs more government funds, subsidies and tax breaks in order to support this young, green industry. The American Wind Association, the lobby for industrial wind companies was instrumental in extending the 1603 program for green energy companies based primarily on the promise that the industry would create thousands of jobs. According to Ianthe Jeanne Dugan and Justin Scheck in the Wall Street Journal article "Cost of $10 Billion Stimulus Easier to Tally than New Jobs" of February 24, 2012: "Wind companies wound up with more than $7 billion of the 1603 money, yet industry payrolls declined to 75,000 last year from a peak of 85,000 in 2009."

Please stop transferring the funds of the United States taxpayers to foreign and domestic wind energy corporations.

Three Facts about Industrial Wind

A fact about industrial wind installations is that the construction and operation of wind farms stress our infrastructure. The highways, roads and bridges of the United States are already in a state of disrepair. The proposed routes for many industrial wind project are simply too small and inadequate to handle the traffic necessary to construct an industrial wind farm. These small country roads and lanes will require substantial rebuilding in order to transport the large heavy vehicles that will move the nacelles, tower portions and the crane. In an article in Roads and Bridges, author Richard L. Kronick, points out that:

> A single pass by any of these loads can cause major damage to a gravel-surfaced road. In addition, many legal loads of concrete rebar and gravel are hauled in to construct wind farms. To compound the matter, in northern climates, wind-power companies want to begin construction as early as possible in the spring-when roads are at their weakest. http://www.roadsbridges.com/road-maintenance-damaging-wind-farms

In addition, there are problems related to widening turns, replacing ditches, moving and replacing signs, etc. as well as constructing entrances to the access roads. Are all of these costs truly recovered from the wind energy companies, most of which are owned by foreign entities?

Instead of allowing wind energy companies to destroy our infrastructure, please use taxpayer funds to promote public transportation and rebuild inadequate roads and bridges.

A second fact about wind installations is that residents near wind turbine developments suffer needless anxiety, loss of quality of life and illnesses. The medical community needs to treat individuals who will suffer stress and illness from the construction of the turbines with noise, dust and traffic. Residents will become ill with the noise and shadow flicker created by the spinning turbines and will need to seek help from the medical profession. In a study of residents near an industrial wind turbine project in Australia, released in February 2012, researchers found that:

> More than 70% of the respondents claimed that they had been negatively affected by noise from the wind energy facility, and more than 50% "moderately" (35%) or "very" (19%) negatively affected. Respondents affected by noise from the Waterloo wind energy Facility experienced it an average 2 days per week.

http://www.wind-watch.org/documents/evaluation-of-wind-farm-noise-policies-in-south-australia/

Please do not make more people ill by siting wind farms near their residences.

A third fact of industrial wind is that they destroy habitats and weaken populations of endangered animals and birds. The estimates of bird and bat deaths at wind farms are becoming more alarming every day.

> The American Bird Conservancy (ABC), the nation's leading bird conservation organization, said today [2/12/12] that the build-out of wind energy proposed

> by the federal government to meet a Department of Energy target of generating 20% of the nation's electricity through wind power is expected to kill at least one million birds per year by 2030, and probably significantly more. ABC considers the one million estimate, which is based on a 2005 paper [1] and widely cited by the wind industry, as likely a significant underestimate of bird mortality.
> http://www.abcbirds.org/newsandreports/releases/110202.html

The implication of this destruction of birds and bats is enormous. Without bats and birds, the impact of mosquitoes from rivers, lakes and wetlands will cost the nation, states, towns and counties much more in terms of control. How much will the nation need to spend to control mosquito infestations in the future?

Please do not use taxpayer funds to build wind turbines that decimate endangered bats and birds, instead support research to understand and treat "white-nose syndrome" in bats.

I urge you to END the Production Tax Credit, the Investment Tax Credit, and any other federal support of industrial wind energy.

Thank you.
Sincerely,
Mary Burns
585-813-7040

Statement of Mary Button

-I, Mary Button, co-owner of a small auto repair shop in Ithaca, NY, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

- It's my understanding that the PTC drives billions of dollars in private investment in homegrown American wind power each year. I would like to see wind farms continue to succeed and spread in popularity, and hope to see some in our area in the near future – bringing in construction jobs, maintenance jobs, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Regards,

Mary Button
Administrative & Development Manager
AJ Foreign Auto
130 Cherry St.
Ithaca, NY 14850

Home address:
125 Searles Rd.
Groton, NY 13073

Statement of Mary Evelyn Smith

Production Tax Credit for Wind Energy

American produced power is vital if we wish to be energy independent. The PTC drives billions of dollars in private investment in each year. Wind farms can revitalize local communities through providing employment in construction jobs and maintenance jobs. Revenue for community schools and hospitals over the lifetime of the project is a wonderful result. Power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Marty Gardner

Marty Gardner

2184 Hardinge Ave, Summerland, CA, 93067
Mail address: PO Box 357, Carpinteria, CA 93014
Phone: 805-340-4852

Ways and Means Submissions

United States Congress

Honorable Members

*-**I, Marty Gardner, a Veteran and 18-year member of the Wind Energy industry, currently residing in Summerland, California,** respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.*

-Having been in the Wind Energy industry for 18 years, I have lived through multiple instances of congressional discontinuity of this modest assistance for our industry. I know first-hand how crippling it is for our jobs in manufacturing, construction, maintenance and other peripheral support functions due to this discontinuation of the PTC. Congress should IMMEDIATELY extend the credit, not wait until just before or after it expires.

-You have all been presented with the facts: The PTC drives billions of dollars in private investment in homegrown American wind power each year. I was in California and Minnesota and Iowa in the mid-90's, and so many other communities since then. I worked on the Wind Turbines and watched the communities of Lake Benton, Minnesota and Storm Lake, Iowa and many more, reap the rewards of the revitalization that those turbines enabled – construction jobs at first, maintenance jobs in the long term, and continuing to generate revenue for their community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

Marty Gardner
18-year Wind Energy Technician and Engineer

Statement of Matt and Megan Richards

10 May 2012

To: U.S. House Ways and Means Committee

Subject: Hearing on Certain Expiring Tax Provisions, the PTC

We, Matt and Megan Richards from San Antonio, Texas, respectfully urge the Congress to **extend the wind energy Production Tax Credit (PTC)** as quickly as possible.

Regards,

Matt Richards

7207 Snowden Rd #1412B

San Antonio, TX 78240

m.richards83@yahoo.com

Megan Richards

7207 Snowden Rd #1412B

San Antonio, TX 78240

Statement of Mattis Deutch

I, Mattis Deutch, a student in Oberlin, Ohio, urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Wind is where we need to go from here. Without a feasible clean energy source, we will have to burn fossil fuels that pollute the environment and cause huge loss of life when they are extracted. Here in Oberlin, we burn coal to heat our buildings, and we are about to switch to natural gas. I have seen the destructive effects of gas drilling and hydrofracking myself; I have friends whose water could be poisoned at any time by leaking wells; but we have to get our energy somewhere. If Congress takes away this subsidy for wind energy, we will be stuck between a rock and a hard place, and we will be contributing to the destruction of our own backyard in Ohio.

Please extend the tax credit now, and don't wait until the last minute.

Sincerely,
Mattis Deutch

Statement of McGuire Consulting

Dan McGuire, McGuire Consulting
4540 Oakridge Circle
Lincoln, NE 68516
402-489-1346
McGuireConsultng@aol.com

May 9, 2012

Title of Hearing:
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
April 26, 2012

TO: House Ways and Means Committee

Having worked for many years to establish smaller wind systems with Midwestern farms, businesses, municipalities and schools I submit the following logical reasons in support of immediate extension of the § 48 ITC election through 2016:

1. "Distributed wind" involves the use of typically smaller wind turbines at homes, farms, businesses, and public facilities (such as schools, municipal buildings), to off-set all or a portion of on-site energy consumption as well as projects with local ownership, also known as "community" wind.
2. Distributed wind enhances U.S. energy security and is a dynamic and growing segment of the renewable energy industry. Numerous, smaller wind turbines serve to "bolster up" the distribution grid "backbone".
3. Deployment of distributed wind power can reduce the need for new centralized generation and transmission facilities, with local investors helping drive localized employment and economic benefits.
4. Unlike large utility-scale projects distributed wind projects often rely heavily on the Investment Tax Credit (ITC) to finance their projects and installation. Why? Because many Renewable energy investors cannot take advantage of the Production Tax Credit (PTC) unless the energy generated from that project is sold to a third party. Distributed generation is designed to be consumed on-site and is seldom sold to a third party and PTCs are not generally available to small wind project developers. The PTC can only be used to offset passive income. Large, institutional investors are different because they routinely realize significant passive income that can be offset by a PTC. Many potential investors in small, community or distributed wind projects have inadequate or no passive income. Consequently they are precluded from taking advantage of this tax credit. This reality makes the ITC much more attractive and valuable to the distributed wind industry. Local economies and communities can fully realize the significant multiplier effect of small, distributed wind projects and minimize any concerns for new wind projects by developing a broad pool of local investors. The ITC is ideal for them. If they are unable to utilize the PTC and the ITC is allowed to expire, local and personal investor support will not materialize. Projects won't get done. Jobs will be lost as will the incentive for young people to pursue a career in the many wind energy fields.
5. Land-based wind power need the ITC renewed as a matter of fairness vs. photovoltaic projects.
6. The ITC is currently available to solar photovoltaic projects of any size through 2016 and are widely used in distributed applications. It is a matter of parity to extend the ITC for land-based wind power thru 2016.
7. Extending the ITC for wind through 2016 creates a level playing field among competing renewable technologies and allows the customer to determine the optimal technology selection for a given site.

I respectfully urge the House Ways and Means Committee to immediately approve § 48 ITC election through 2016 for all sizes of wind power projects. Please then send the full House of Representatives such legislation that would immediately extend the ITC. An ITC extension would maintain a level playing field among competing renewable energy technologies. It will provide business certainty to the smaller segments of the wind energy industry. They are generally unable to utilize the PTC. Taking such positive action will enable those smaller segments of the wind energy industry to continue to deploy clean, renewable, home-grown energy. Such action by you will support the use of American made equipment, to drive economic growth and seriously-needed job creation in communities across the country. Thank you.

Sincerely,

Dan McGuire, Consultant

Statement of Meghan Kosowski

I, Meghan Kosowski of 2537 Jackson St NE, Minneapolis, MN 55418, respectfully urge Congress to extend the wind energy production tax credit (PTC) immediately.

So much of what Congress seems to dedicate time to during session is dismantling the work of previous sessions. Instead of waiting until the PTC expires and work must be undertaken to cover the same ground again to re-instate it, please save time, energy and money by simply extending the tax credit now.

Billions of dollars in private investment in homegrown American wind power each year are the result of the wind energy production tax credit. Wind energy production brings construction jobs, then maintenance jobs in the long term, and generates revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent way to employ Americans and increase our autonomy – and this tax credit provides an incentive for the wind industry to do so.

Statement of Melissa McClennen-Davis

I,Melissa McClennen-Davis , a professor, in Texas respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. The wind farms in the northern part of our state bring in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community over the lifetime of the project. The wind farms also bring us power, which we're short of in a growing community. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

Thank you for your time and please consider this seriously.

Mellissa McClennen-Davis

College Station, Texas

MERIDIAN WAY
WIND FARM

1409 Iron Road
Concordia, KS 66901

785.243.4446 phone
785.243.9742 fax

Michelle Graham
Meridian Way Wind Farm
1409 Iron Rd
Concordia, KS 66901
michelle.graham@edpr.com

Hearing on Certain Expiring Tax Provisions

I, Michelle Graham, Operations Administrator at Meridian Way Wind Farm in Concordia, Kansas, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I am writing an urgent request for your support in extending the wind energy PTC before the end of this year if at all possible. I can see how the possibility of this PTC not being extended has already negatively affected my company's presence in the United States. Wind Energy Development has slowed!

We need to continue the drive for clean sustainable energy in the USA. This PTC will greatly assist in meeting some of these long term ambitions! Thank you for your consideration in renewing the PTC!

Sincerely,

Michelle Graham

808 Travis, Suite 700, Houston, TX 77002 713.265.0350 phone 713.265.0365 fax
www.horizonwind.com

Horizon

Statement of Mesonika Piecuch

Hearing on Certain Expiring Tax Provisions

To the Subcommittee:

For 20 years, taxpayers have propped up the wind energy industry. Despite the many tens of billions of dollars ($14 billion last year) given to them via the production tax credit, the more recent investment tax credit, and other tax and regulatory provisions, as well as loan guarantees and outright grants, the industry still comes begging.

And even after 20 years of such largesse, the industry can not show any meaningful benefit concerning any energy, pollution, or carbon problem.

Instead, rural communities have been left divided, landscapes degraded, bird and bat populations threatened, and already dwindling natural habitats destroyed.

It is irresponsible that during the worst budgetary crisis facing the United States since the Great Depression, you would even consider taxpayer welfare to the wind industry.

There are no compelling arguments or facts which support the notion that wind and solar industries have produced jobs and financial boon to communities.

I urge you to END the Production Tax Credit, the Investment Tax Credit, and any other federal support of industrial wind energy.

Sincerely,

Mesonika Piecuch

P.O. Box 550

Tehachapi, Ca. 93581

Statement of the Metal Construction Association

before the

Subcommittee on Select Revenue Measures

Committee on Ways and Means
United States House of Representatives

On

"Member Proposals Related to Certain Tax Provisions That Either Expired in 2011 or Will Expire in 2012"

April 26, 2012

4700 W. Lake Avenue, Glenview, IL 60025 Phone: 847-375-4708

The Metal Construction Association represents manufacturers, designers, installers and retailers of metal used in construction including energy efficient metal roofs. The MCA encourages the expansion of metal construction by promoting the energy saving and sustainable qualities of its products. We are seeking the extension of the residential energy efficiency tax credit for metal roofs with appropriate pigmented coatings as contained in (25C). The installation of our "cool roof" technology saves energy and provides a positive impact on the economy.

Our member companies have actively promoted and their customers have benefited from the metal roof tax credit that was put in place in the 2005 statute. The MCA is a member of a broader (25C) coalition that seeks an energy efficiency tax credit for qualified products of 10 percent of the purchase (and installation) price up to $1,000. The $1,000 uniform tax credit has the advantage of simplicity and is set at a minimal level to provide an economic incentive for consumers to retrofit their homes to be more energy efficient while saving significant amounts of energy. While we support this proposal, we also continue to support the extension of our current tax credit as contained in (25C).Whatever tax credit approach is adopted, it is important to the success of the program that there be continuity and reliability in the program to provide both contractors and consumers a dependable path forward.

Economic Impact of Cool Roof Technology in Home Retrofits

Using IRS tax data, it can be demonstrated that the net economic impact of the cool roof technology tax credit has been significant. Total spending on eligible metal roofs with pigmented coatings has increased from $197 million in 2006 to over $2 billion in 2009. Along with energy efficient air conditioners and furnaces, metal roofs with appropriate pigmented coatings are the fastest growing sector of home energy efficiency retrofits. Based on an economic model developed at the National Association of Home Builders* that utilizes IRS data, in 2009 alone, 12,200 jobs were created in the construction and installation of qualified energy efficient metal roofs in instances where consumers utilized the (25C) tax credit. These jobs paid out approximately $1.2 billion in wages for the workers and approximately $675 million in net business income.

Conclusion

The data indicates that the (25C) programs are working in general and that the cool roof energy efficiency tax credits in particular are offering incentives to consumers to save energy while creating thousands of jobs during a time of high employment.

*The NAHB model may be found at: http://nahb.org/generic.aspx?sectionID=734&genericContentID=103543&channeled=311

The above statement by the Metal Construction Association was submitted on its behalf by:

E. Thomas Coleman
Senior Counsel
Stinson Morrison Hecker LLP
1775 Pennsylvania Ave. NW
Suite 800
Washington, DC 20006

Phone: 202-572-9922
tcoleman@stinson.com

Statement of Michael Blum

I, Michael A. Blum, 1326 SE 2 Place, Cape Coral, Fl, 33990, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farms near my son's house. They have helped to revitalize his community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for his community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that. I want my grandchildren to have clean air to breath and clean water to drink. Moving away from pollution creating energy production must be a priority, and this credit will aid in that goal.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

Michael A. Blum

Statement of Michael Geline

Michael Geline
664 Sterling Ct
DeKalb, IL 60115
(773) 718-7880
echocampfire@gmail.com

United States House of Representatives
Ways and Means Committee
Hearing on Certain Expiring Tax Provisions

I, Michael Geline, a professor of mathematics in DeKalb, Illinois respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Electricity generated from wind turbines is clean. It has no impact on the nation's already stretched fresh water resources, and it does not release mercury or sulfur-dioxide into the environment. It does not require the extraction, processing, or transportation of any fuel, and it does not produce greenhouse gases.

I believe these facts easily justify a tax break for the wind industry.

The states of Iowa and South Dakota have already demonstrated that it is possible to generate at least 20% of our electricity from wind. This progress has been made in a relatively short period of time and against competition from fossil fuels which receive large, often hidden, subsidies of their own. Thus, with a long-term favorable tax policy, there is little question that the wind industry could reproduce this figure nationwide.

It is unfortunate that certain Members of Congress cite cost as reason to discontinue the PTC. Beyond the tens of thousands of jobs that will be lost immediately if the PTC expires, I challenge the Committee to put a price on long-term health problems caused by pollution. The PTC is cheap by comparison.

Statement of Michael Mulcahey

Name: Michael Mulcahey
Address: 119 Maple Street Port Allegany, PA 16743
Phone Number: 814-642-7573
Contact E-mail Address: mmulcahey@zitomedia.net
Title of Hearing: Hearing on Certain Expiring Tax Provisions

I, Michael Mulcahey, respectfully urge Congress to extend the renewable energy/wind energy production tax credit (PTC) as quickly as possible. Our country and our environment cannot afford to continue utilizing fossil fuels to meet our energy needs.

Cost is and should be part of the decision making process on whether or not renewable energy projects continue to receive government support. I call you attention to a 2011 published peer-reviewed study from the Harvard Medical School which estimated that the full life cycle effects of coal are costing the US public a third to a half of a trillion dollars annually (over US$1,000- per year for every American man, woman and child). Estimates from this Harvard study effectively doubles to triples the price of electricity from coal per kWh.

The reports comprehensive review found that the best estimate for the total economically quantifiable costs, based on a conservative weighting of many of the study findings, amount to some $345.3 billion, adding close to 17.8¢/kWh of electricity generated from coal. The PTC at about 2.3¢/kWh represents an excellent return on investment and indeed a significant portion of the 17.8¢/kWh of electricity generated from coal is paid with government funds through health care costs.

The report title is "Full cost accounting for the life cycle of coal" and was published in the Annals of The New York Academy Of Sciences Issue: Ecological Economics Reviews February 2011.

Statement of Michael Shaw

Date: April 24, 2012

TO: U.S. House Subcommittee on Select Revenue Measures (Committee on Ways & Means)

RE: Opposition to the PTC Extension

I urge you to work with your colleagues to realize that the renewable energy production tax credit (PTC) is a bailout for an 'industry' which can't and won't perform without the American people paying their way to profit.

'Green jobs' has been a sham counting jobs so remotely connected if at all that it's a joke.

Be honest about the destruction caused by Big Wind for minimal outputs of power. At 25-30 percent avg. of rated output this is a failed business paid for on the backs of citizens who are already giving Big Oil all the breaks they want.

Governments around the world are beginning to see the truth. The US wants to be the last to know.

Thank you for your consideration.

Name: Michael Shaw
Address: P. O. Box 631814, Lanai City, HI 96763
Phone Number: 808-565-9010
Contact E-mail Address: Shawdm@alum.urmc.rochester.edu
Title of Hearing: "Hearing on Certain Expiring Tax Provisions"

Statement of Midwest Minnesota Community Development Corporation

House Committee on Ways and Means – Select Revenue Measures Subcommittee hearing on Hearing on Certain Expiring Tax Provisions

I. Contact Information

Arlen Kangas, President
Midwest Minnesota Community Development Corporation (MMCDC)
119 Graystone Plaza, Suite 100
Detroit Lakes, MN 56501
218-847-3191
akangas@mmcdc.com

II. Purpose of Statement

To support extension of the New Markets Tax Credit, which expired on December 31, 2011 and HR 2655, the New Markets Tax Credit Extension Act of 2011.

III. NMTC History

The New Markets Tax Credit program is the product of a bi-partisan effort between then President Clinton and then Speaker Hastert to revitalize urban and rural communities by using tax incentives to attract private sector capital, rather than federal grants. MMCDC has deployed over $300 million of these tax credits for a wide variety of uses and has created eight 'funds' from which we make loans at target much smaller businesses. Thus we can use this program to finance large businesses or small ones.

IV. Benefits of NMTCs

a. NMTCs have drawn new players into making investments in projects that we finance and has provided us the ability to finance more and larger transactions.
b. The program has been particularly effective during the recent economic downturn with lenders and investors both skittish about making either loans or investments.
c. As the industry becomes more familiar with the program the delivery system has improved dramatically and so has the interest by entities seeking an allocation. Since the first allocation in 2003, overall demand for Credits has exceeded the amount available by over $190 billion;

V. Return on Investment

As Congress considers extending NMTC, it is important to consider the cost of the Credit, in terms of revenue forgone. By any measure, NMTC provides a substantial return. Given that the impact of these investments is in low-income census tracts, the impact is directed to areas with the greatest need.

VI. Targeted Impact of NMTC

All NMTC transactions are in targeted communities; most of them hard hit by current economic circumstances. All NMTC investments benefit businesses located in low income communities where poverty rates are 20% or more and where incomes do not exceed 80% of area median. There is a provision to encourage investing in rural areas which offers distributional balance to the program.

VI. Support for HR 2655

The key components of the New Markets tax Credit Extension Act are: A long term extension—5 years, an increase in Credit authority—$ 5 billion in annual Credit authority and an exemption from the Alternative Minimum Tax for NMTC investments.

There is enormous demand for New Markets Tax Credits. Since the program was rolled out in 2003, demand for NMTC has exceeded $225 billion. A total of $33 billion in Credit has been available. Just as important as the demand is the impact that NMTC has had on economically distressed communities. Billions of dollars has flowed to communities traditionally left out of the investment mainstream and hard hit by the recession.

Examples of the businesses we have assisted include:

- A Veteran's Museum in the small town of Perham, MN
- An expanded tractor production facility in Southern Minnesota that re-domesticated production of tractors from France
- A new unit train loading facility to be built in the state of Washington to minimize semi-truck traffic and lower transportation costs

Greater certainty regarding the existence of the credit will help investors and tax credit allocatees sustain the infrastructure necessary to implement the program.

Exemption from the AMT provisions will encourage new, and smaller, investors into the program. With added competitiveness more capital will flow into low-income areas.

Statement of Mike Livermore

Mike Livermore
10118 Leslie St.
Silver Spring, MD 20902

I, Mike Livermore, Web Application Developer in Silver Spring, MD respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in American wind power each year. I have seen wind farms revitalize communities in my – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that. It is very important to keep wind energy growing at a fast rate into the foreseeable future until fossil fuel sources can be retired.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

Mike Livermore

Statement of Mike Long

Mike Long
Energy Consultant
Box 433, Silverton, Texas, 79257
Hm. Ph. 806.847.2617
mlong@midplains.coop
Hearing on Certain Expiring Tax Provisions

Dear Honorable Committee Members:

The fact that the Chinese are now ahead of the U.S.A. in renewable technologies is disturbing to me. As you well know, their government is pouring billions of dollars into wind and solar technologies. The Chinese are now establishing themselves as a dominant factor within the American solar market. I am also aware of several wind energy projects on U.S. soil sponsored by the Chinese.

The lack of certainty for the PTC extension is greatly hampering the American renewable energy market. It is an injustice to this energy sector that tax credits are not permanent. If the PTC is not extended, then government assistance to all energy sectors should be discontinued. Wind energy, for example, could compete with other established energy sources, if the playing fields were leveled.

This is not the time to cater to special interests in establishing present and future energy needs for this country. With our growing population and technological needs, we need every avenue of energy sources. I respectfully urge you to extend the PTC for at least 10 years, or make it permanent. America needs renewable energy. Advancements in renewable energy projects will create revenue and American jobs.

Thank you for your consideration.

Mike Long

Statement of MJ Swierczynski

Name: M. J. Swierczynski R.R.A.

Organization:

Address: Sicklerville, New Jersey

Phone Number: 856/304-5986

Contact E-mail Address: mswvac@gmail.com

Title of Hearing: Chairman Herger Announces Hearing on Medicare Premium Support Proposals 5/29/12

Dear Chairman Dave Camp,

I am a Radiologist Assistant (R.R.A.) residing in New Jersey. I am writing to alert you to a serious problem facing advanced-level radiologist extenders in my profession and all Medicare patients in need of quality imaging services. I respectfully request that you enact legislation that would resolve this situation - H.R. 3032, the Medicare Access to Radiology Care Act, as it will directly help *modernize the Medicare benefit and improve Medicare's long-term fiscal solvency.*

Please read the "RA Issue Brief" below. It will further explain the radiologist assistant (R.A.) profession and what H.R. 3032 would accomplish. Currently 29 states recognize the importance of radiologist assistants in the delivery of medical imaging care, but given the lack of federal recognition, CMS is not able to give its beneficiaries access to this care.

Reps. Dave Reichert (R-WA), Jim Matheson (D-UT), Pete Olson (R-TX), Bill Pascrell (D- NJ), and other co-sponsors have introduced H.R. 3032, which would expressly recognize the R.A. as a non-physician provider under Medicare. Under the bill, state law would govern scope of practice and physician supervision levels for procedures performed by RAs. Only radiologists would bill the Medicare program for RA services, but the services performed by an RA would be reimbursed at a lower rate than that of radiologists. Medicare has already realized the cost saving benefit that mid-level physician extenders provide and passage of H.R. 3032 would enable Medicare beneficiaries' access to expertise and services that radiologist assistants provide. This proposal enjoys the full support of everyone in the medical imaging community. H.R. 3032 undoubtedly preserves patients' access to radiology care, medical education programs and jobs and will not increase the federal deficit. I hope I can count on your support as a co- sponsor.

RA Issue Brief: Current Medicare Policy Limits Options for Providing Access to Quality, Safe, and Cost-Effective Medical Imaging Services

Issue: The rising demand and clinical need for timely medical imaging services and the increased complexity of radiologic studies have placed unsustainable pressure on our health care delivery system, limiting access to quality care for Medicare beneficiaries. The solution developed by nationally-recognized organizations - the radiologist assistant (RA) --requires appropriate recognition by Medicare.

Solution: Amend the Social Security Act to (1) permit radiologists to utilize the services of radiologist assistants which the radiologist assistants are legally authorized to perform under state laws and under the conditions established by the state; and (2) reimburse for services performed by RAs at 85% of the amount otherwise applicable for services when performed by a physician. H.R. 3032, the Medicare Access to Radiology Care Act, would accomplish these objectives. Introduced by Reps. Reichert (R-WA), Matheson (D-UT), Olson (R-TX), and Pascrell (D-NJ), the legislation is bipartisan and has the full support of all stakeholders in the medical imaging community.

Background: As far back as 1996, the U.S. Department of Defense recognized the need for an advanced practice radiologic technologist to alleviate problems caused by insufficient numbers of radiologists in the armed forces. As demand increased for radiology services and the shortage of radiologists worsened, the American College of Radiology (ACR), the American Society of Radiologic Technologists (ASRT), and the American Registry of Radiologic Technologists (ARRT) collaboratively developed the concept of the RA - a radiographer with additional education, specialized clinical training, and advanced certification. The RA is an advanced-level radiographer who assists, but does not replace, the radiologist in the diagnostic imaging environment. The RA must complete a rigorous academic program encompassing a nationally-recognized curriculum and a radiologist-directed clinical preceptorship and must pass a nationally-recognized certification examination. An RA educational program must award a baccalaureate degree at a minimum and educate students to perform diagnostic imaging and interventional radiology procedures within the RA's scope of practice. Today, 13 universities offer education and supervised clinical training for the RA, and 29 states license or certify RAs. An RA can be certified by the American Registry of Radiologic Technologists as a registered radiologist assistant or by the Certification Board for Radiology Practitioner Assistants as a radiology practitioner assistant. RAs always practice under the on- site supervision of a radiologist, thus ensuring high quality care. Their advanced education and training enable them to perform assessments and procedures (excluding interpretations) that traditionally are performed by the radiologist. ACR, ASRT, and ARRT have worked together to ensure consistency in education, scope of practice, and certification standards for the RA. The Society of Radiology Physician Extenders (SRPE) joined these efforts as an organization advancing continuing education and professional development for the radiologist assistant. Unfortunately, current Medicare regulations limit the functions and duties that may be performed by RAs, largely because Medicare does not explicitly recognize RAs as a separate class of practitioners. Instead, Medicare currently views RAs as being equivalent to radiologic technologists, who do not have the education, training, or expertise that RAs have. Thus, the Centers for Medicare and Medicaid Services (CMS) applies the same supervision requirements to procedures performed by RAs that it applies to procedures performed by RTs. For example, CMS requires "personal" supervision (where the physician must be physically present in the room) for certain procedures being performed by RAs or radiologic technologists. Application of this standard to RAs ignores the fact that the majority of states (as well as ACR, ASRT, SRPE and ARRT) have determined that RAs may safely and effectively perform these same procedures under "direct" supervision, where a physician does not need to be present in the room when the procedure is performed, as long as he or she is physically present in the hospital or office suite. Thus, Medicare's restrictive supervision requirements are contrary to most states' scope of practice requirements and supervision standards for RAs and prevent the effective use of RAs in hospital and radiology practice settings. If CMS permits RAs to furnish care consistent with their state-specified scope of practice, radiologists will have more time to review and interpret medical images and will be available for more complex procedures and consultations with referring physicians. This would significantly improve efficiency. Medicare beneficiaries would receive more timely imaging services and diagnoses and higher quality medical care. It would help resolve many challenges faced by beneficiaries in accessing care in rural and underserved areas. We believe that physician supervision requirements for imaging procedures performed by RAs within their scope of practice should reflect what the RAs are permitted to do under their respective state laws as well as the states' supervision standards where applicable. Where the state law provides that the RAs are subject to the "direct" supervision of the radiologist for certain procedures, the Medicare program should apply that supervision standard as well. Applying a reporting modifier or procedures completed with participation of an RA would distinguish them from procedures performed by radiologists and would assist with quality monitoring. In addition, applying an 85% reimbursement level for RA-performed services offers the potential for Medicare cost savings and would be consistent with how other non-physician providers have been treated under Medicare Finally, this legislation would enable Medicare to meet an important objective of a reformed health care system - to lower costs while improving patient access through the use of qualified non-physician providers where possible.

Sincerely,

M. J. Swierczynski R.R.A.

Statement of Molly Ross

Molly O. Ross, President
Deltex Royalty Company, Inc.
LMA Royalties, Ltd.
P.O. 1449
Castle Rock, Colorado 80104-1449
(303)688-1553
Mross2525@yahoo.com

Title of Hearing: Hearing on certain expiring tax provisions

To Whom It May Concern:

I, Molly O. Ross, residing in Castle Rock, Colorado, respectfully ask Congress to extend the wind energy production tax credit (PTC) as soon as possible.

I am running two companies that are mineral management companies, largely leasing to the oil and gas industry, and my grandfather was a Permian Basin Pioneer in the late 1920s. I've also been involved in renewable energy initiatives for the past 25 years.

Therefore, I am very familiar with the tax credits and codes that promote both hydrocarbon and renewable energy, and also aware of what is going on across the globe in the development of new energy technologies. The US is now in the lead in renewable energy deployment, thanks to these incentives the last few years, but we will be completely overtaken by China and other countries unless we focus our attention on nurturing these businesses. I hear all the arguments about the 20,000 jobs we would lose if we don't do the Keystone XL pipeline project, but the wind industry loses 60,000 plus every time we remove these tax credits.

As a businesswoman, I fully realize that we need to live within fiscal restraints, but it makes no economic sense to me that an industry such as this, which provides tens of thousands of jobs, and drives billions of dollars in private investment, and which, once the infrastructure is built, will require zero subsidies or credits, shouldn't be promoted and assisted in gaining what could be world dominance for US industry. We have always been the world's leader in innovation, technology and the creation of business, and our innovative funding mechanisms have been the envy of the world. I think we need to be very proactive in thinking about our energy future, and conclude that the US should lead the world in the development and deployment of these new renewable energy technologies.

Please consider seriously quickly extending the PTC on wind. Thanks so much for your consideration.

Respectfully,
Molly O. Ross

Mortenson
construction

Renewable Energy Group

M. A. Mortenson Company
700 Meadow Lane North
Minneapolis, MN 55422

main 763.522.2100
fax 763.287.5430
www.mortenson.com

May 10, 2012

Dear Representative Paulsen,

I understand that a Ways and Means Subcommittee Hearing on Certain Expiring Tax Provisions will be held later today, in which you will likely hear from your colleagues about the wind energy production tax credit (PTC). As your constituent, and on behalf of Mortenson Construction, a Minneapolis-based, family-owned company and leading renewable energy contractor, I strongly urge you to support the PTC extension.

The PTC extension is vital to our organization and the 2200 employees currently employed with us. Due to the lack of a PTC extension to date, we currently have no contracts pending to construct wind farms in 2013. The lack of reinstatement of the PTC will significantly impact the livelihood of hundreds of employees, sub contractors and other industry partners. By supporting the extension of the production tax credits you will save jobs and help sustain the delivery of clean renewable energy throughout Minnesota and across the country.

Thank you for your consideration.

Sincerely

Tim Maag
Vice President and General manager

Mortenson Construction is a U.S.-based, family-owned construction company based in Minneapolis, MN with over 2200 full-time employees. As one of the leading renewable energy contractors in the county, Mortenson has constructed over 120 wind projects to date, 21 of which were built in 2011 alone. Due to the lack of a PTC extension, we have no contracts pending to construct wind farms in 2013, which will impact the livelihood of hundreds of employees, sub contractors and other industry partners across the country. We implore out legislators to act quickly to reinstate the PTC to avert the crippling impact to our labor force and the long-term growth of our industry.

Testimony of

Suzanne Hutchinson

Executive Vice President
Mortgage Insurance Companies of America

In support of

H.R. 1018

Legislation to amend the Internal Revenue Code of 1986 to make permanent the deduction for mortgage insurance premiums

Presented to

The House of Representatives

Committee on Ways and Means
Subcommittee on Select Revenue Measures

April 26, 2012

Chairman Tiberi, Ranking Member Neal, and members of the Subcommittee, thank you for the opportunity to testify in support of H.R. 1018, legislation introduced by Congressman Nunes and Congressman Crowley to amend the Internal Revenue Code of 1986 to make permanent the deduction for mortgage insurance premiums.

My name is Suzanne Hutchinson, and I am executive vice president of the Mortgage Insurance Companies of America, on whose behalf I am testifying.

The deduction for mortgage insurance premiums has proven to be a critical tool in lowering the cost of homeownership for the low and moderate income homebuyers to whom the deduction is limited, and in making mortgage insurance more affordable. The provision has resulted in an average of approximately $350 in annual savings per family, a very significant sum for families of limited means struggling to afford their piece of the American Dream.

Moreover, according to the Internal Revenue Service, in 2009, the mortgage insurance premium deduction was claimed on 3.6 million tax returns. Of those taxpayers, the majority had incomes *under* $60,000. In fact, of all the tax provisions which expired at the end of 2011, only the AMT patch and the deduction for state and local sales taxes benefited significantly more individuals, and no expired provisions limited to low and moderate income individuals, as the deduction for mortgage insurance premiums was, provided a bigger financial boost to taxpayers.

By acquiring mortgage insurance, low and moderate income homebuyers are much better positioned to obtain the loans needed to purchase homes for their families. In turn, that mortgage insurance provides much needed support to our mortgage markets, and greatly facilitates the origination and marketing of mortgage loans.

The deduction for mortgage insurance premiums was first enacted, on a temporary basis, in 2006. Lawmakers from across the political spectrum have since recognized the policy merits of this provision. As a result, it has since been extended multiple times with broad bipartisan support, most recently by the "Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010" enacted at the end of the 111th Congress. However, the deduction for mortgage insurance premiums expired at the end of last year, thus risking further disruption in already fragile housing markets. It is critical that we provide needed certainty to homebuyers and lenders alike, and make the mortgage insurance premium deduction permanent.

H.R. 1018 would extend permanently Internal Revenue Code section 163(h)(3)(E). The legislation would continue the expired law as it had been written, and retain important limitations which make the mortgage insurance premium deduction available only to low and moderate income homebuyers. Under the recently expired law, certain premiums paid or accrued for qualified mortgage insurance by a taxpayer in connection with acquisition indebtedness on a qualified residence are treated as interest that is qualified residence interest and thus deductible. The amount allowable as a deduction is phased out ratably by 10 percent for each $1,000 by which the taxpayer's adjusted gross income exceeds $100,000 ($500 and $50,000, respectively, in the case of a married individual filing a separate return). Thus, the deduction is not allowed if the taxpayer's adjusted gross income exceeds $110,000 ($55,000 in the case of married individual filing a separate return). Each of those provisions would remain unchanged by H.R. 1018: only the effective date would be changed so that the deduction would be made permanent.

The deduction for mortgage insurance premiums merits further extension because of the crucial assistance it provides to millions of low and moderate income homeowners, the key role it plays in reviving housing markets, and its importance in permitting the private sector, not the federal government, to bear the risk of insuring millions of residential mortgages. Also, further extension is supported by compelling tax policy considerations.

Because the mortgage interest deduction has benefited so many millions of homebuyers, most of whom would not be able to obtain home loans without mortgage insurance, the deduction has played a critical role in helping revive housing markets. The deduction has provided millions of homebuyers of limited means crucial support in being able to afford mortgage insurance, without which millions of buyers would have been, and would continue to be, shut out of residential real estate markets. Without those additional buyers, those already troubled markets would be in far worse condition.

The mortgage insurance premium deduction also would help facilitate the return of private sector capital to the mortgage market, a goal endorsed by both Congress and the Administration. In today's mortgage market, investors strongly favor government guaranteed mortgages over private mortgages and even those mortgages acquired by government-sponsored entities such as Fannie Mae and Freddie Mac. This puts U.S. taxpayers on the hook for a far larger share of the mortgage market than is desirable. While premiums for both FHA mortgage insurance and private mortgage insurance would be deductible if section 163(h)(3)(E) was extended, making insured mortgages affordable to more potential homeowners would expand the size of the total mortgage market. That expanded market would, in turn, help draw increased amounts of private capital. On the other hand, failure to extend the mortgage insurance deduction would reduce the size of the mortgage market and discourage the commitment of private capital. With less private capital deployed, there would be a corresponding increase in the role—and the potential liabilities—of the federal government in the mortgage market.

Finally, extension of the mortgage insurance premium deduction is supported by compelling tax policy. Mortgage insurance premiums are the economic equivalent of interest payments because obtaining mortgage insurance reduces interest costs. Paying premiums on mortgage insurance has a direct and quantifiable impact on interest expense. Without the insurance purchased by those premiums, interest charges are much higher as a consequence of the much higher credit risk. Because mortgage insurance premiums and interest payments are economically equivalent, they also should be treated similarly by the Internal Revenue Code, as the mortgage insurance premium deduction did.

For all these reasons, I strongly urge the members of the Subcommittee and full Committee to join with Congressman Nunes and Congressman Crowley and support enactment of H.R. 1018 and permanent extension of the mortgage insurance premium deduction.

Thank you.

Statement of Nancy Carringer

From the desk of
Nancy Carringer

My name is Nancy Carringer. I live at 13 Steinbeck St., in Tyngsboro, MA 01879.
My phone number is 732.829.9799.
My e mail address is <ncarringer@yahoo.com>

I wish to submit a public comment for the Hearing on Certain Expiring Tax Provisions .

I respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely yours,

Nancy Carringer

Statement of Nancy Taylor

Nancy Taylor

Gilford Wind Watch

P.O. Box 185

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Reese, MI 48757

989-868-9893

ntaylor125@gmail.com

Hearing on Certain Expiring Tax Provisions

To Whom It May Concern:

This is our nightmare; a sequential account of how our small community will be forever changed. We feel our Township officials illegally approved two Special Use Permits to construct sixty-eight 40+ story industrial wind turbines in our township. To the best of our knowledge a group of land owners actively sought out wind companies some time beginning in 2008, possibly earlier. Residents were unaware that anything was taking place until we received the Public Hearing notice fifteen days before the Planning Commission voted to approve the first sixty-three wind turbines on December 12, 2011. Prior to this, a new zoning ordinance had been written and leases had been signed. Had we known about the project at its inception we would have been better informed and better prepared to defend our position at the Public Hearing. We believe we were intentionally kept in the dark while land owners *secretly* signed leases starting sometime in 2009. How can you plan something that is supposed to impact a person's life and not talk to that person? Big Wind railroaded our naïve township officials, promoting tax revenue and economic growth, without thoroughly explaining the many implications a project of this magnitude would have on all residents in our small agricultural community.

The following is a specific list of irregularities we found that did not comply with our Township Zoning Ordinance.

We believe that the Special use permit was not complete at the time of the vote on December 12, 2011. Chapter 7.2.a of our Zoning Ordinance states:

1) *CONTENTS. The application package consists of a Special Use Permit* ***Application form completed in full by the applicant****, accompanied by a fee as established by the Township Board.*

2) *APPLICATION DEADLINE. The* ***complete application package*** *must be submitted to the Zoning Administrator* ***at least thirty (30) days before the Planning Commission meeting at which it will be considered.***

The Special Use Permit application was not dated. We found that a revision was made to the application on November 14, 2011; the Public Hearing was on December 12, 2011; this was less than 30 days from the application date. The application lacked the insurance requirement. It did not accurately state the boundaries of the project; the boundary map included all leased parcels, when only those with turbines or turbine components necessary to this particular project should have been shown. The necessary environmental permits were not secured at the time of the public hearing, and we still aren't sure whether they have been approved and submitted. Residents were not treated fairly at the hearing. The township hall could not accommodate the number of people wanting to attend; many could not even get into the building. Several residents requested that the meeting be rescheduled at a larger venue, but their requests were ignored. ***Chapter 7.2.4 of the Zoning Ordinance says: The public shall be given the opportunity for input on both the rezoning and Special Use decisions.***

This Special Use is inconsistent with "maintaining protection of the health, safety, comfort convenience and general welfare of neighbors and the community at large. ***Chapter 7.1 of the Zoning Ordinance states: The purpose of designating special uses is to allow practical latitude for a property owner or developer to use a parcel of land while maintaining protection of the health, safety, comfort, convenience and general welfare of neighbors and the community at large.***

On November 30, 2011, two Planning Commission members, both whom we believe were key players in soliciting Big Wind in our township, and who signed leases, resigned from the Planning Commission. We believe this was a calculated move on their part so it would not appear they had a conflict of interest, even though they were present, from the beginning, for all the planning and discussion leading up to the Public Hearing. Two new members were then appointed, leaving only 12 days for them to become informed and vote on the Special Use Permit. When residents spoke to both following the hearing they admitted they had no idea of the scope or implications of what they were voting on, they were merely instructed to vote yes if the application met the criteria of the zoning ordinance, (which it did not). In addition, there was a township trustee that remained on the Planning Commission, even though he had signed multiple leases. He was present for all planning and discussion, but recused himself from voting at the last minute. **Chapter 10.4.e of the Zoning Ordinance states:**

CONFLICT OF INTEREST. A member of the Zoning Board of Appeals shall disqualify himself or herself from discussion and voting in which the member has a conflict of interest. Failure of a member to disqualify himself or herself from a vote in which the member has a conflict of interest shall constitute misconduct in office.

Chapter 10.7.1.3 states: Will not cause a substantial adverse effect upon property values in the immediate vicinity or in the district in which the property of the applicant is located. Our property values will be affected if our community becomes an industrial wind park. A township resident and real estate appraiser has reported that property owners could suffer as much a 40% loss in the value of their homes if they are surrounded by industrial wind turbines.

An application to construction 8 industrial turbines in a neighboring Township, to the west of us, was not approved, so Big Wind was back at our door again wanting to build them in our Township. Again they submitted an application with no date on it. The same errors that occurred the first time around were repeated with the new Special Use Permit Application. We found a copy of the application that was at our township hall that *did* have March 8, 2012 as the date on it. A notice was sent to residents that a hearing would take place on March 27, 2012, and again it did not meet the 30 day review requirement stated in the zoning ordinance. This was brought to the attention of the township supervisor; he acknowledged the error, and the date of the public hearing was rescheduled to April 17, 2012. This was the first attempt by the township to actually follow our zoning ordinance. The same irregularities that did not comply with the zoning ordinance the first time around were repeated again with the new Special Use Permit Application.

At the Public Hearing on April 17, 2012 the majority of residents spoke against the additional turbines being constructed. There were union workers, from other parts of MI, that attended the hearing as well. They monopolized the public comment part of the hearing, and again, all residents did not have a chance to speak. These outsiders (**not** Gilford Township residents) also tried to **intimidate**, argue with, and pick fights with residents. Residents were confronted in the restrooms, and were afraid to leave the auditorium.

Residents were suspicious of the all the texting that Big Wind representatives, the Engineering Firm representatives and one of our Planning Commission members were doing during the hearing. We also believe a note was passed from a Big Wind attorney to our Planning Commission before the vote was taken.

The Planning Commission again voted in favor of the additional turbines, with the chairman abstaining and resigning when it came to casting his vote. Because of conflict of interest, another member also abstained, and the remaining three members decided our fate. Our Zoning ordinance states in ***Chapter 9.1.b: The Planning Commission shall be composed of seven (7) members, comprised of***

a) One member of the Township Board selected by the Township Supervisor as an ex officio member, and

b) Six residents of the Township, representing, insofar as possible, different professions or occupations, who shall be appointed by the Township Supervisor, subject to the approval of a majority of the members elected to the Board.

Twenty-seven appeals were filed within one week of the hearing, and the same reply was received by all:
This is to advise you that the Township Zoning Ordinance does not vest the Zoning Board of Appeals with jurisdiction to review the Planning Commission decisions to grant special use permits. The Zoning Board of Appeals has the authority to review decisions of the Zoning Administrator or a body concerning enforcement, of the zoning ordinance. This authority does not include the review of Planning Commission decisions regarding special use permits.

Therefore, Gilford Township will not convene a meeting of the Zoning Board of Appeals to act on your appeal, since it lacks jurisdiction to review the decision of the Planning Commission to grant this Special Use Permit.

I spoke to the Township Supervisor and was told the same thing, that our Zoning Ordinance does not provide an appeal process for a Special Use Permit even though ***Chapter 10.5 states: METHOD FOR APPEAL. Any appeal from a ruling of the Zoning Administrator or body concerning the enforcement of the provisions of this Ordinance shall be made to the Board of Appeals within 10 days after the fate of the Zoning Administrator's decision which is the basis of the appeal.***

WHO MAY APPEAL. Appeals to the Board may be taken by any person aggrieved, or by any officer, department, or board of the Township. Any party may appear in person or by agent or by attorney at a hearing considering his request or appeal. Don't we have a Constitutional right to review?

Our Zoning Ordinance states: ***Chapter 8.c.1: APPLICATION DEADLINES. If a zoning application requires a Site Plan Review by the Planning Commission, a complete application package must be received at least thirty (30) days before the date of a Planning Commission meeting in order to be reviewed at said meeting. If a Site Plan Review is being conducted for a Special Use Permit or subdivision plat, the application timetable specified for that process applies.*** A Site Plan review was scheduled and conducted seven days following the Public Hearing.

Our group has consulted with and hired numerous lawyers, some experts on wind energy, but we have very little hope of anything being decided in our favor. Apparently following your own Zoning Ordinance is not an option when it comes to BIG WIND. Our township meetings were a charade, a mockery of public participation. We knew that it had already been decided before we walked in the door. Once these sixty-eight massive 40 story turbines are constructed we will have no other option but to abandon our homes. This same scenario is repeated over and over in communities all over the United States. When will common sense and scrutiny prevail? If wind power made sense, why would it need a government subsidy in the first place? It's a bubble which bursts as soon as the government subsidies end. It enriches a few at the expense of many. **Please end all government incentives to wind energy.**

Sincerely,

Nancy Taylor

nase

National Association for the Self-Employed

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Statement for the Record
Submitted to the Ways and Means Committee
United States House of Representatives
Washington, D.C.

Submitted by Kristie Arslan
CEO & President, National Association for the Self-Employed
April 26, 2012

The National Association for the Self-Employed (NASE) respectfully submits this official statement for the record on today's hearing on expired and expiring tax provisions. While we understand the hearing is limited to tax provisions that expired in 2011 and will expire in 2012, we would be remiss if we did not bring to the attention of the Committee key tax provisions that expired in 2010. Specifically, the health insurance premium and the start-up deductions, we believe that if the Committee reviewed and in some cases, retroactively applied the tax credit to the 2011 and current tax years, the self-employed community would reap the rewards in a financially meaningful way.

Under the current tax system, the self-employed are unable to deduct the cost of their health insurance premiums, the only business entity that does not receive the tax option of deducting the full costs of their health insurance. This equates in the self-employed paying an additional 15% in taxes. Already the cost of affordable health coverage is becoming more and more challenging for the self-employed, however, the ability to deduct their health insurance premiums would result in tax savings ranging from approximately $456 to $968. In turn, the self-employed could take that savings and re-invest in their businesses, which would result in economic stimulus. In the tax year 2010, the self-employed community benefitted from a one-year deduction that was included in the, *"Small Business Jobs Acts."* Currently, H.R. 880, *"Equity for Our Nation's Self-Employed Act of 2011,"* introduced by Congressman Wally Herger and cosponsored by a group of nineteen bipartisan lawmakers, would make permanent the tax deduction, retroactively from its expiration. Additionally, in the Senate, Senate Small Business Committee Chair, Senator Mary Landrieu, and Ranking Member, Senator Olympia Snowe, have introduced S. 2050, *"Small Business Tax Extenders Act of 2012,"* which would allow for a two-year deduction. From the Committee's perspective, while your work is focused on expired 2011 and expiring 2012 tax credits, both chambers have introduced and put forth proposals to address the expired health insurance premium deduction.

As with the health insurance deduction, the start-up deduction was also a part of the 2010 passed, *"Small Business Jobs Acts."* The 2010 bill increased the start-up deduction from $5,000 to $10,000. The start-up deduction served as a motivator for entrepreneurs to become a part of the self-employed community, this was especially helpful given the continued struggle in accessing capital for those individuals ready to start their own business. With the expiration of the deduction, Rep. Hank Johnson and Rep. Charlie Dent have taken the lead in introducing, H.R. 4032, *"Help Entrepreneurs Create American Jobs Act of 2012,"* which would make permanent the $10,000 deduction level. Mr. Johnson and Mr. Dent are joined by 27 of their House colleagues in supporting this initiative. In the Senate, Senators Landrieu and Snowe have included a two-year extension of the deduction in S. 2050, *"Small Business Tax Extenders Act of 2012."*

While we respect the Committee's decision to focus today's hearing on the expired 2011 and expiring 2012 tax provisions, we feel as though it is short-sided. Given the current economic and political climate, the NASE feels that it is necessary for lawmakers to act quickly to review all expired and expiring tax credits. Currently the self-employed community stands at nearly 22 million Americans, the largest business sector in the United States. For this Committee and Congress not to address tax relief for the self-employed, verges on a grave miscarriage of justice for the 22 million self-employed who are single-handily pushing the economy out of the recession.

We implore this Committee to undertake a comprehensive review of all expired and expiring tax credits that would serve to further stimulate the economy and target key business demographics, like the self-employed. Unfortunately, to date, legislation aimed and enacted at the "small business" community has all but ignored the self-employed. As the Committee works towards the goal of tax reform before the adjournment of the 112th Congress, we ask that you include the health insurance premium and start-up deductions to the package and that all future tax reform efforts are consciousness to include both corporate and individual tax reform.

The National Association for the Self-Employed stands ready and willing to assist the Committee in its work, as we believe true tax reform and addressing the current inequities in our tax code towards to the self-employed will serve to pull this country fully out of the current economic recession and provide an environment for the self-employed and future entrepreneurs to thrive.

Kristie Arslan
CEO & President
National Association for the Self-Employed

NARI®

NATIONAL ASSOCIATION OF THE REMODELING INDUSTRY

April 26, 2012

The Honorable Pat Tiberi
Chairman
Select Revenue Measures Subcommittee
Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
Select Revenue Measures Subcommittee
Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

Re: Submission for the Record; Hearing on Member Proposals Related to Certain Tax Provisions That Either Expired in 2011 or Will Expire in 2012

Chairman Tiberi and Ranking Member Neal,

Thank you for holding this hearing on tax provisions that have recently expired or will expire at the end of this year. On behalf of the 7,000 companies that belong to the National Association of the Remodeling Industry (NARI), we are writing to urge your consideration and support for an extension of the 25C home energy efficiency tax credit that was reduced after 2010 and expired at the end of 2011.

NARI is a non-profit trade association based in Des Plaines, Illinois. We have 60 Chapters in major metro areas nationwide and our membership is comprised of remodeling contractors, local suppliers, and national suppliers. NARI's Michigan Chapter has fifty five member companies. Eighty percent of NARI member companies have 20 employees or less. NARI's core purpose is to advance and promote the remodeling industry's professionalism, product and vital public purpose.

The Energy Policy Act of 2005 established a federal tax credit for energy-efficient home improvements (found in section 25C of the tax code). The 30 percent credit applied to energy efficiency improvements for existing homes and the purchase of high-efficiency heating, cooling, and water-heating equipment. Homeowners were able to take a combined credit up to $1,500 for equipment purchased during a two-year period, until 2010 when the lifetime credit cap was lowered to $500.

NARI believes that 25C tax credit deserve recognition for its success. In 2009, Internal Revenue Service data indicated that Americans spent $25.1 billion on remodeling associated with the tax credit. Those expenditures supported 135,540 jobs in the construction and remodeling sectors. In addition, 25C was truly a middle-class tax credit. In 2009, over two-thirds of the households claiming the credit had adjusted gross income of $100,000 or less.

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NARI®
NATIONAL ASSOCIATION OF
THE REMODELING INDUSTRY

Every energy efficiency improvement offers an opportunity for trained remodeling professionals to enhance the quality of homeowners' lives. Those projects provide valuable work in the construction sector which is struggling to recover from our economic downturn. The home energy efficiency improvements also save homeowners substantial amounts of money on their monthly energy bills.

We urge the Committee's support for extending the 25C tax credit because it will result in projects that save energy and will have a positive impact on job creation in the construction and manufacturing sectors. Thank you for your consideration.

Sincerely,

Mary Busey Harris

Mary Busey Harris, CAE
Executive Vice President

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Visit us on our website at www.RemodelToday.com and at http://nariremodelers.com

Statement on behalf of the National Association of Home Builders

1201 15th St NW

Washington, DC 20010

House Ways and Means Subcommittee on Select Revenue Measures

Hearing on Member Proposals related to Certain Tax Provisions that either Expired in 2011 or will expire in 2012 (also known as "tax extenders")

April 26, 2012

On behalf of the 140,000 members of the National Association of Home Builders (NAHB), we respectfully submit this statement discussing the significance and impact of several expired and expiring tax extenders.

In 2005, Congress passed the *Energy Policy Act* (P.L. 109-58) and established a number of important tax incentives to promote greater energy efficiency in the built environment – single family, multifamily and commercial homes and buildings. These incentives acted as the only federal-level programs to address energy efficiency in new and existing homes and buildings with the intent of moving the market towards greater efficiency and the delivery of innovation and technology transfer in building design and practice.

Two of these tax credits expired at the end of 2011: the credits for tax code Section 45L and Section 25C. While Congress has allowed the incentives to lapse before and has extended them retroactively, for consumers and businesses this uncertainty is extremely disruptive.

Retroactive extensions are particularly problematic for the consumer and small business-oriented tax provisions. In general, these taxpayers are more sensitive to tax uncertainty. Middle-class taxpayers, who are the primary beneficiaries for energy tax incentives, are particularly unlikely to purchase a more expensive, energy efficient product on the expectation that Congress will extend a tax credit retroactively. Likewise, manufacturers are unable to market those products as tax-credit eligible. As a result, when these types of credits are extended retroactively, the "winners" are more likely to have purchased the qualifying product anyway, while middle-class consumers will miss out.

Section 25C – Qualified Energy Efficiency Improvements Tax Credit

The 25C tax credit began as a modest incentive for the purchase of qualified energy efficiency improvements for existing homes, such as windows, doors, roofs, and HVAC equipment. Originally, the 25C credit provided 10% of the cost of the product (not including installation and labor costs) not to exceed $500 but imposed various lower caps on specific energy efficient property, such as a maximum of $200 for window purchases. At the outset, the credit offered little appeal to existing homeowners because the specifications for the qualified improvements had price tags that far exceeded the tax credit. Further, the various caps caused confusion and added complexity. In 2009, the American Reinvestment and Recovery Act (ARRA) expanded the original 25C program and increased the credit to 30% with a $1,500 cap and included some labor and installation costs. All qualifying products now had the same cap, providing much needed simplicity. As a result, the appeal and popularity of this incentive soared and many retailers, manufacturers, and contractors advertised the newly-enhanced credit which encouraged business and fostered job growth in remodeling activity at the end of 2009 and 2010.

The success of the credit in those two years is unquestionable. IRS data for tax year 2009 also indicates that 25C was heavily used by middle-class homeowners. Of taxpayers claiming the credit, two-thirds had an adjusted gross income of $100,000 or less; 93% of taxpayers claiming the credit earned less than $200,000. Taxpayers in these income classes tend to be very price sensitive, and 25C arguably tipped the scales in favor of energy efficient equipment. Consider a simple window replacement: most homes have an average of twelve windows. Just installing basic windows is a substantial investment. As a result, middle-class homeowners undergoing window replacement today are less likely to install energy efficient windows based on a hope and prayer that Congress will retroactively extend the 25C tax credit later this year.

The lapse in the 25C tax credit will also impact overall economic activity in the remodeling sector. For example, for tax year 2009, over $5 billion of 25C tax credits were claimed. NAHB estimates that these tax credits were claimed in connection with over $25 billion in remodeling expenditures. Remodelers often leverage this tax credit when working with clients. These tax credits helped support the remodeling industry (see graph below) during a period in which new home sales experienced dramatic declines. NAHB estimates that the remodeling activity generated by this tax credit in 2009 was associated with over 278,000 full-time jobs. NAHB estimates that every $100,000 in remodeling expenditures creates enough work for 1.11 full-time equivalent jobs.[1] The programs supported approximately $13.2 billion in wages for these workers and $7.5 billion in net business income.

[1] THE DIRECT IMPACT OF HOME BUILDING AND REMODELING ON THE U.S. ECONOMY (HTTP://WWW.NAHB.ORG/GENERIC.ASPX?SECTIONID=734&GENERICCONTENTID=103543&CHANNELID=311), NAHB ECONOMICS PAPER.

NAHB strongly supports an extension of the Section 25C tax credit. To make it an effective incentive for 2012, action needs to be taken in the very near term. Long-term, NAHB would also urge Congress to simplify and modernize the new credit by increasing the $500 cap to $1,000; allow homeowners to claim installation costs for all eligible products; and remove the confusing lower caps. Adopting this 10% tax credit with a $1,000 cap will greatly simplify the current tax credit and provide an incentive that middle-class homeowners will continue to utilize to improve the efficiency of their homes. Ideally, NAHB believes this credit would be most effective as a permanent provision of the tax code.

Section 45L – New Energy Efficient Home Tax Credit

Also expired as of January 1, 2012, the Section 45L tax credit provided a $2,000 credit to builders of new homes that exceed a minimum energy code specification (2003 International Energy Conservation Code plus the 2004 supplement) by at least 50% in both heating and cooling efficiency. The efficiency performance must be independently verified by an authorized energy rater, and the credit is subject to both a basis adjustment and may not be claimed against alternative minimum tax (AMT) liability. Eligible homes include residences, single-family and multifamily, that are sold to owner-occupants or leased for rental purposes.

Although this credit has suffered from start-and-stop issues of short-term and retroactive extensions over the last five years, and has again expire at the end of 2011, the 45L program has managed to deliver the market transformation results that Congress intended to encourage. The chart below shows that from enactment the Section 45L credit went from 0.7% of the market in 2006 to 11% of the market for new homes in 2011.

Year	Number of Homes Verified	% of New Homes Sold
2006	7,110	0.7%
2007	23,000	3%
2008	22,000	5%
2009	37,000	10%
2010	21,000	7%
2011	32,000	11%

Data provided by Residential Energy Services Network (www.natresnet.org)[2]

In 2011, 11% of all the new homes sold met the energy thresholds of the Section 45L credit and were 50% or more energy efficient, with a nearly five-fold increase in total certified homes.

With the current lapse of this credit, builders who utilize this tax credit face the difficult decision of whether to continue to offer the benefits of this credit to their customers without knowing if the credit will be extended. This decision is made more difficult due to the ongoing housing depression and incredibility small margins most builders currently operate on. In fact, the impact of a retroactive extension can likely be linked in part to the drop in qualifying homes seen in 2010. In that tax year, all of the tax extenders, including 45L, lapsed for 11 ½ months before Congress extended them retroactively.

Home building is an industry driven by small, often family-owned businesses. According to NAHB's membership survey, 79% of home builders have fewer than 10 employees. Small business owners cannot afford to gamble on whether a tax credit will be extended retroactively. If a builder assumes the credit will not be extended, they may well lose a sale to another builder who assumes it will be and therefore quotes a lower price. The uncertainty created by the recent history of extending these tax provisions retroactively unfairly places small business owners between a rock and hard place. NAHB believes that Congress should not be placing businesses and consumers in the position of guessing the direction of tax policy. Congress has an obligation to create a degree of tax certainty rather than the current situation that leaves businesses to predict the future.

[2] This represents the actual number of homes certified by RESNET, which is the largest certifier. Some additional homes may have qualified through other eligible certifiers.

Role of the Tax Code in Energy Policy

Although some of these incentives would benefit from updates, nearly all of these tax incentives are performing exactly as Congress intended when establishing them back in 2005. Despite the unprecedented downturn in housing and the resultant recession, the increased amount of economic activity associated with retrofit incentives under 25C, coupled with the stellar market penetration of new energy-efficient homes under 45L confirm that federal policies promoting building efficiency are effective, necessary, and accomplish broad conservation goals.

Some have argued for elimination of all energy and efficiency tax incentives in an effort to let the market determine the direction of costs and savings for consumers. Unfortunately, families that do not have the economic resources to undertake a meaningful energy upgrade will be sidelined in this process—as the data shows for Section 25C, taxpayers who used the credit are overwhelmingly middle-class families. And with or without these incentives, the Department of Energy is on a mission to federalize and mandate aggressive energy code requirements for new homes and buildings that will further deteriorate housing affordability. Some of these new and proposed requirements will prove to be very expensive to the consumer and will take decades to recover the investment, a payoff few homeowners will see as the average homeowner remains in their home for about ten years while the average home remains in the housing stock for 60 years or more. Further exacerbating the situation, appraisals often inappropriately or inaccurately value energy efficiency and energy-efficient features in homes, creating a regulatory disincentive for optional energy efficiency upgrades.

With an aging infrastructure and building stock, more American families are going to be relegated to living and working in less-efficient homes and buildings.[3] New construction is just now increasing from historic lows, and as the housing market begins to return to normal levels, consumers will be facing dramatically different mortgage qualification requirements and financing issues than before the downturn. The reality is that the oldest, least-efficient homes are the most affordable to families with lower and moderate incomes. Unfortunately, these families also bear the largest burden in energy costs, as a percentage of income.

Utilization of the tax code to promote energy efficiency and consumer savings is the most effective opportunity to truly shape an efficiency policy that is not punitive to the housing market as a whole, and creates jobs as a result. The use of the tax code to incentivize energy efficiency in buildings has a long history of bipartisan support. Much like other environmental rules and regulations, efficiency requirements are expensive, and ultimately the consumer bears the brunt of those costs. New home builders cannot absorb costly new mandates, and these costs will be passed onto new homebuyers. But to really improve home energy efficiency, we must look at the over 95 million rental and owner-occupied homes that were built before modern energy codes in 1991. Without effective tax incentives, those homes will continue to waste energy and cost the consumer money.

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[3] The average age of an owner-occupied home in the U.S. is now 35 years and climbing. See the following NAHB analysis for more detail ("An Aging Housing Stock," Eye on Housing blog, http://eyeonhousing.wordpress.com/2012/01/31/an-aging-housing-stock/)

Low Income Housing Tax Credit—Expiration of the Fixed Credit Rate

While not a traditional tax extender, under a provision enacted in 2008 as part of the *Housing and Economic Recovery Act* (HERA), Congress temporarily fixed the 9% LIHTC credit at a full 9% for buildings placed in service before December 31, 2013. Although this provision does not technically expire until the end of 2013, for all practical purposes, it has already expired.

Although the temporary fix of the 9% credit does not expire until the end of 2013, projects will only qualify for the fixed credit rate if the building is *placed in service* before the deadline. A building is considered placed in service when it is constructed and fully leased. According to the Census Bureau's Survey of Construction, in 2010 the average permit-to-completion time for all multifamily building was 16.7 months. As a result, for credits that are being allocated now, investors and project underwriters cannot be certain that projects will be completed and placed in service before the deadline. Therefore, prudent underwriting requires that today's projects be financed based on the much lower floating credit. This will reduce the amount of equity going into projects receiving allocations this year, although the deadline is 2013.

If the fixed rate is not extended, the amount of equity properties could receive would be reduced by more than 15%, making it more difficult to do LIHTC developments, particularly as state and federal governments cut back on direct spending that is used to fill financing gaps for LIHTC properties. The "floating rate" system also creates uncertainty for owners and investors and complicates state administration of the program.

Under the Low Income Housing Tax Credit (LIHTC) program, affordable housing developments receive tax credits which are used to attract equity capital. There are two types of tax credits: one credit provides 70% of the financing cost and is used for new construction and substantial rehabilitation; and a second credit that provides 30% of the financing cost which is used to acquire an existing property which is rehabilitated. These are often referred to as the 9% and 4% credits respectively because that was the original credit amount when the program was created in 1986.

LIHTC credits are provided over a ten year period and without this legislation, the credit rates are adjusted monthly. The IRS calculates the monthly values of the credits based on the cost of borrowing by the federal government. As a result, today's low federal borrowing costs produce very low credit rates, which reduces the amount of private equity invested in LIHTC development. In March 2012, the 9% credit was only worth 7.43%; the 4% credit was worth 3.18%.

Legislation has been introduced in the House by Chairman Tiberi and Ranking Member Neal to make the fixed credit rate permanent (H.R. 3661). The legislation would also apply to a 4% tax credit used to acquire an existing property which is rehabilitated for affordable use. NAHB urges Congress to pass H.R. 3611 as soon as possible due to the uncertainty created by the looming expiration date.

Mortgage Insurance Premiums

Another important tax extender for the housing sector is the deduction for mortgage insurance premiums. From 2008 through the end of 2011, certain mortgage insurance premiums were allowed as an itemized mortgage interest deduction. Qualified mortgage insurance consisted of premiums paid for insurance provided by the Veterans Administration, Federal Housing Administration, Rural Housing Administration and private mortgage insurance. The deduction is subject to an income phaseout, with only partial deductions permitted for those taxpayers with more than $100,000 of adjusted gross income (AGI), and no deduction permitted for taxpayers with AGI in excess of $110,000.

The deduction is particularly critical for reducing the debt cost of homeownership for first-time homebuyers, who are more likely to require mortgage insurance due to having smaller downpayments for the purchase of a home. According to NAHB estimates, there are approximately 2.1 million households that should have formed but did not as a result of the Great Recession. These potential households constitute pent-up housing demand, and as the labor market improves, this unlocked housing demand will help add momentum to the building recovery in the housing markets.

According to 2009 IRS (the most recent available), 3.6 million taxpayers benefited from the mortgage insurance deduction, with $5.5 billion in total deductions. Given the income phaseout, the deduction's final tax benefit is entirely collected by middle class homebuyers.

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STATEMENT OF THE

NATIONAL ASSOCIATION OF REALTORS®

SUBMITTED FOR THE RECORD TO THE

UNITED STATES HOUSE OF REPRESENTATIVES COMMITTEE ON WAYS AND MEANS

HEARING REGARDING

EXPIRED AND EXPIRING PROVISIONS

APRIL 26, 2012

Introduction

More than 1.1 million members of the NATIONAL ASSOCIATION OF REALTORS® (NAR), urge you to renew or extend four of the category of tax provisions that are known as "the extenders." REALTORS are involved in residential and commercial real estate as brokers, sales agents, property managers, appraisers, and counselors. They are engaged in all facets of the real estate transaction. All would be adversely affected if the provisions that we identify and discuss below were no longer available.

It's no secret our nation's housing and commercial/investment real estate markets remain fragile. When the ongoing housing crisis began in 2007, no one imagined that it would carry on so long. Today, all categories of real estate are slowly recovering, but remain in need of immediate policy solutions and legislation. We therefore urge prompt action to renew and/or extend each of these provisions. These include mortgage cancellation tax relief, the 15-year depreciable life for leasehold improvements, expensing of certain clean-up costs associated with developing brownfields properties and the first-time homebuyer tax credit for residents of the District of Columbia.

Cancellation of Mortgage Debt

REALTORS® have long maintained that the key to the nation's economic strength is a robust housing industry. In particular, sustaining tax relief for the millions of homeowners who have been subject to foreclosure or short sales is critical. **Thus, extending mortgage cancellation tax relief is among NAR's highest priorities for 2012.**

The mortgage cancellation relief provisions were enacted in 2007 in order to assure that homeowners would not be taxed on money that they have already lost. This important (but temporary) provision was enacted in 2007 to address a sudden collapse in the US housing market. The provision assures that individuals who lose their homes in foreclosure or suffer economic loss in a so-called "short sale" would not face a tax burden at the time of a substantial economic loss. A third category of homeowners has received less attention, but are also affected by these relief provisions. This group of responsible homeowners has remained current on their mortgages in the face of declining home values. To the extent that lenders are willing to restructure their performing loans, any mortgage write-downs they receive are also eligible for this relief.

Until the 2007 collapse, few homeowners faced income tax problems related to mortgage debt forgiveness. Today, while the rate of foreclosures is declining, many families are still losing their homes because someone in a household has lost a job. Similarly, about one-quarter of all homeowners are "underwater" on their mortgages: they owe more on their mortgage than the fair market value of the home. Finally, lenders, both on their own initiative and through various programs, have restructured loans to allow families' mortgage debt in order to reduce payments with lower interest rates. In fact, lenders have recently stepped up their efforts to restructure loans and to decrease the amount of time required to close a short sale. These processes, however, are unlikely to have been completed before the December 31, 2012, expiration of the relief provisions.

The mortgage tax relief provisions protect these homeowners (so long as they meet specified criteria) from facing a tax bill after an economic loss on what, for most, is their most valuable asset. Current data on so-called "underwater" mortgages (where the borrower owes more than the home is currently worth) illustrate the reality that housing challenges persist.

According to CoreLogic,[1] a leading analytics and research firm, about 22.8% of all owner-occupied, mortgage-financed homes (about 11.1 million units) were "underwater" at the end of the fourth quarter of 2011 (most current data). Notably, the fourth quarter number is *higher* than the third quarter of 2011, when 10.7 million units (22.1%) were underwater. This increase in the number of underwater mortgages underscores the persistent nature of this problem and suggests that many, many mortgages have yet to go through the system. The severity of the negative equity (or underwater) problem is most acute in Nevada, where 61% of homes have negative equity. In the five states where the problem is most acute, homeowners with negative equity average about 44% of all homeowners. (The five states are, in descending order, Nevada, Arizona, Florida, Michigan and Georgia.)

[1] CoreLogic Q4 2011 Negative Equity Report, www.corelogic.com.

Prior to 2007, if a lender forgave any portion of a mortgage debt, the forgiven amount was treated as income and taxed at ordinary income rates. The relief provisions were enacted because there was a widespread understanding that the nation's already-fragile economy would be further undermined if individuals faced heavy tax burdens in a declining housing market. The legislation was unique in at least two important ways. First, the underlying bill, H.R. 3648, was a small, housing-only bill. For a host of reasons, it is rare that Congress enacts single-issue tax legislation. The speed with which the legislation was enacted underscores the wide perception that an impending crisis necessitated quick action. The second unique element of this legislation was that it passed with an overwhelming bipartisan majority. House passage of H.R. 3648 was on a vote of 386 – 27. The Senate version passed on a Unanimous Consent agreement, and final passage in the House was on a voice vote under suspension. Hence the principle that during an economic downturn homeowners should not be forced to pay tax when they have lost money on their principal residence can accurately be characterized as non-controversial.

Failure to extend the mortgage cancellation relief would have a uniform outcome: Individuals will be taxed on money they have already lost with cash they have never received. The "income" in a mortgage cancellation transaction is, at best, "phantom" income. Tax policy has generally favored results that avoid taxation on phantom income because the affected taxpayers are often the least able to pay. Phantom income is not cash income. In this case, the phantom income is attributable to a transaction in which the taxpayer/homeowner actually incurs an economic loss. The CoreLogic report[2] describes the incidence of underwater mortgages as affecting mostly lower cost homes: "The low end of the market is where the bulk of the negative equity is concentrated. …[Negative equity is found mostly among] homes valued at less than $200,000."

NAR continues to support timely enactment of an extension of this provision. We support both House bills (H.R. 4250 [Rangel] and H.R. 4336 [Reed]). REALTORS will be in Washington DC during the week of May 14 for their spring legislative meetings. They will be seeking additional cosponsors for either or both of these bills and for a companion Senate bill (S. 2250 [Stabenow, Heller]). **Enactment of this extension is among NAR's highest legislative priorities for 2012.**

[2] Ibid.

In the context of the mortgage transaction, we wish to comment on a provision that was used to "pay for" the 2-month payroll tax extension enacted in February of this year. That provision, the so-called GSE guarantee fee (G-fee), burdens the real estate transaction. We believe it would be a mistake for Congress to increase that fee in the current real estate market, as any fee increases the cost of a housing-related real estate transaction.

The Nation's housing sector remains in a precarious state. Though we see signs of improvement, we urge Congress to take no steps that could retard that recovery and ultimately send our overall economy into another tailspin. Increasing the G-fee, even just extending the current fee increase, effectively taxes both potential homebuyers and consumers looking to refinance their mortgages, at a time when the housing sector can least afford it. We believe that any proposed G-fee increase would keep prospective housing consumers on the sideline and prevent the absorption the financial system's large real-estate-owned (REO) inventory of foreclosed properties. Similarly, we believe that any increase of the G-fees would reduce the benefits of loan modification for those individuals who are current in their payments but underwater on their mortgages. We believe any tax law changes that affect housing should have as their primary purpose the goal of keeping responsible consumers in their homes.

Leasehold Improvements

In 2004, Congress modified the rules for the depreciation of improvements made for the benefit of tenants in leased space. Prior to 2004, if a property owner reconfigured or improved space for tenants, the cost of those improvements was recovered in the same manner as the cost of the structure itself. Thus, the cost of improvements to leased space was recovered over 39 years, even though the improvement was rarely permanently affixed to the structure, and even though the duration of the lease was significantly less than 39 years. The result was a diminution of appropriate return on the improvements and considerable tax and record-keeping complexity for landlords. These problems were particularly acute for landlords with larger, multi-tenant buildings.

The 2004 change was made to more accurately reflect the economic life of the improvements. Before the current depreciation system was put in place, the costs of leasehold improvements were recovered over the term of the lease. This method was abandoned when the depreciation system was overhauled in 1981 and all the costs associated with the depreciation of real property were recovered over 15 years. That 15-year period was extended to 18 years in 1984, to 19 years in 1985, 31 years in 1986 and, finally, the current 39-year life was enacted in 1993. An economic depression in commercial real estate between 1986 and 1995 obscured the adverse economic impact of recovering the costs for leasehold improvements in a more economic manner than the 39-year life. As the commercial real estate market improved over the following decade, the need for a shorter recovery period became more apparent.

Even the 15-year cost recovery period is longer than the life of most commercial leases. When the provision was enacted, the term of a commercial lease was typically 7 – 10 years. Today, pending financial accounting standards could make the terms of leases even shorter. The Financial Accounting Standards Board (FASB) has proposed standards that have the effect of overstating a lessee's liability for future rents. Increasing that liability is predicted to cause lessees to seek shorter lease terms to mitigate the potential impairments to their financial statements. Shorter leases will have the effect of making the 15-year leasehold improvement cost recovery period even less economic than it is today.

The leasehold improvement has, unfortunately, always been a temporary provision. These rules, like so many provisions enacted since about 2003, are temporary because of procedural demands of the budget process, not because of any flaw in the rules themselves. In fact, the leasehold improvement rules have typically enjoyed bipartisan support. They simplify cost recovery calculations and provide an incentive for owners to improve and modernize their properties. Today's starved construction industry would be important beneficiaries of a renewal and extension of these rules. Leasehold improvements create jobs.

Accordingly, on the merits of the leasehold improvement rules themselves, and on the jobs creation capacity those rules create, NAR fully supports H.R. 1265 (a bipartisan bill with 85 cosponsors) and its companion S. 687 (a bipartisan bill with 24 cosponsors). Both bills would renew the 15-year cost recovery period for leasehold improvements and make it permanent.

Environmental Remediation Costs

In 1997, as the commercial real estate market began rebounding from the 1986 – 1995 real estate depression (see above), developers often discovered that a major obstacle to constructing new buildings and improving communities was the presence of various contaminants on the land. Preparing sites to eliminate the contaminants was (and remains) a significant cost both in terms of time and money.

Prior to 1997, the cost of cleaning up contaminants had to be capitalized into the cost of the land itself. As land is not a depreciable asset, those costs became sunk costs that were not recoverable until the property was sold. In order to achieve the desirable goal of getting properties cleaned up and put to their best use, Congress determined that the costs of environmental remediation could be deducted in the year they were incurred. This benefit expired as of January 1, 2012.

While REALTORS generally are not developers, they are often assist developers in their land acquisition activities and so have an interest in the transactions that lead to land development. To the extent that communities are enhanced by the environmental improvements, our members also benefit as the residents become more mobile and property values increase or as residents are attracted to the improved location. Accordingly, NAR has always supported the efforts of the organizations comprised of real estate developers to secure permanent rules that allow expensing of environmental remediation costs.

District of Columbia First-time Homebuyer Tax Credit

Congress created a first-time homebuyer tax credit for the District of Columbia in 1997, when both the city's population and the value of its homes were declining. The credit was intended to attract people back into the city and to be a mechanism to stimulate and support additional economic activity. By the time of the 2000 census, the credit had not been in place long enough to change the trend of declining population. Finally, by the time of the 2010 census, the District experienced a population increase. The population had been in decline since the 1950 census.

NAR, along with the Greater Capitol Association of Realtors (GCAR) which represents REALTORS doing business in the District, supports an extension of this tax credit. The District can only sustain its new-found appeal to young buyers when they come to the city and continue to make it a more alive, vibrant community. Continuing the tax credit will enhance the District's appeal. Homeownership is essential to sustaining the District's progress toward self-supporting economic vibrancy. We urge you to extend this important provision.

Conclusion

The US economy will not improve until the housing market in particular and the broader real estate market are on an upward trajectory. Each of these provisions would help stabilize and sustain both the housing and the commercial real estate markets. We urge their timely renewal and/or extension.

Questions related to this statement can be directed to NAR's Tax Counsel, Linda Goold. She can be reached at 202 383 1083 or at lgoold@realtors.org.

Written Testimony
Submitted for the Record
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Hearing on Certain Expiring Tax Provisions
April 26, 2012

The National Automobile Dealers Association ("NADA") appreciates the opportunity to provide this statement for the record in connection with the April 26, 2012 Subcommittee on Select Revenue Measures ("Subcommittee") hearing on certain expiring provisions. NADA represents 16,000 new car and truck dealers, both domestic and international. NADA also operates NADA Used Car Guide, which has been in production since 1933. Federal officials in the Department of Justice and the Federal Bureau of Investigation use NADA Used Car Guide as a used vehicle valuation source for asset and forfeiture purposes, while the Social Security Administration uses NADA Used Car Guide as a used vehicle valuation source to help determine benefits.

We focus our remarks on Section 512(b)(13)(E) of the Internal Revenue Code, as originally enacted by Section 1205 of the Pension Protection Act of 2006 (PPA) (P.L. 109-280), and subsequently extended by Section 306 of the Tax Extenders and Alternative Minimum Tax Relief Act of 2008 (P.L. 110-343) and Section 747 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312). Section 512(b)(13(E) expired at the end of 2011, and NADA supports the permanent extension of this provision, as well as an expansion of the provision to ensure consistent treatment of all similarly situated tax-exempt organizations.

HISTORY OF THE PROVISION

Payments of passive income, including interest, rents, royalties, and annuities, are generally not subject to tax when received by tax-exempt organizations (i.e., such income is not treated as unrelated business taxable income (UBTI)). See, e.g., Sections 512(b)(1), (2) and (3). Under Sections 512(b)(13), however, these payments are subject to tax if they are received from a "controlled organization." For purposes of this provision, an organization is considered a controlled organization if the tax-exempt organization had a direct or indirect ownership interest of 50 percent or more in that organization.

Section 1205 of the PPA enacted Section 512(b)(13)(E), which provides that interest, rents, royalties and annuities received by a tax-exempt organization from a controlled organization will only be taxed when the payment exceeds fair market value (i.e. the amount which would have been paid if such payment met the requirements of Section 482). A 20 percent penalty is imposed on the amount of any excessive payments. Section 512(b)(13)(E) only applies to payments made under binding written contracts (or their renewals under substantially similar terms) in effect on the date of enactment of the provision (i.e., August 17, 2006). This "fair market" test has now been in effect for tax years 2006-2011.

Section 512(b)(13)(E) corrected an anomaly which resulted in tax-exempt organizations becoming liable for UBTI on payments of passive income even when they reflect fair market amounts. For example, many tax-exempt organizations receive rents at an "arm's length" amount from taxable subsidiaries that were established and operate for non-abusive purposes. Prior to the enactment of Section 512(b)(13)(E), these tax-exempt organizations were subject to tax, even though their receipt of rents from unrelated organizations under the exact same terms would not be subject to tax.

By incorporating Section 482, Section 512(b)(13)(E) recognizes that fair market value can be established generally by reference to amounts paid in comparable arrangements by unrelated third parties. The Internal Revenue Service ("IRS") has extensive experience in determining the fair market value of transfers between related parties under Section 482 and already applies Section 482 principles to other transactions involving tax-exempt organizations. For example, IRS letter rulings hold that tax-exempt organizations must comply with Section 482 in transfers of tax-exempt property. Since both the IRS and taxpayers have experience with these principles, the potential for abuse in this arena is limited. Moreover, tax-exempt organizations that receive interest, rent, royalty or annuity payments from a controlled organization must report payments on informational tax returns which provide a readily available, publicly transparent audit trail to identify potential abuses.

SECTION 512(B)(13)(E) SHOULD BE PERMANENTLY EXTENDED

As noted above, Section 512(b)(13)(E) expired at the end of 2011. We urge the Subcommittee to permanently extend the provision, retroactive to January 1, 2012. This extension if particularly important at a time when government funding of many tax-exempt organizations is being substantially reduced such that the organizations must enter into transactions with private sector organizations in order to pursue their tax-exempt purposes. Extension of Section 512(b)(13)(E) will enable tax-exempt organizations to enter into arm's length, fair market value transactions with private sector organizations without an additional tax burden that would reduce the resources they can devote to their tax-exempt purposes.

We note that the American Bar Association Section of Taxation has also recommended the permanent extension of Section 512(b)(13)(E), noting "the substantive changes of section 512(b)(13) made by the PPA should be made permanent. Inflated pricing in related-party transactions would remain taxable (with a penalty), while arm's length dealings could continue. This approach would place tax-exempt organizations on the same footing as taxable entities and would no longer penalize transactions between tax-exempt organizations and their related organizations."[1]

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[1] American Bar Association, Section of Taxation, Comments in Response to the Request of the Subcommittee on Oversight of the Ways and Means Committee Regarding the Provisions of the Pension Protection Act of 2006 Affecting Tax Exempt Organizations (Aug. 6, 2007).

SECTION 512(B)(13)(E) SHOULD BE EXPANDED

We urge the Subcommittee to include perfecting language in Section 512(b)(13)(E)to advance the tax policy inherent in the statute and prevent the inconsistent treatment of similarly-situated tax exempt organizations. Section 512(b)(13)(E) currently only applies to so-called "qualified specified payments," which are defined as payments made pursuant to a binding contract in effect as of the date of enactment of the PPA (August 17, 2006) or a contract which is "a renewal, under substantially similar terms" of such a contract. We urge the Subcommittee to remove the "qualified specified payment" concept in order to expand the application of Section 512(b)(13(E) beyond payments pursuant to contracts "grandfathered" by PPA such that it applies to qualifying payments made under any contract (regardless of the date of such contract). This expansion would ensure consistent treatment of similarly situated tax-exempt organizations that engage in arm's length, fair market value transactions with controlled organizations, regardless of the date of the underlying contract.[2]

NADA POSITION

Section 512(b)(13)(E) should be made permanent and should be expanded to cover payments pursuant to new as well as grandfathered contracts between tax-exempt organizations and their controlled organizations. The well-established principles of Section 512(b)(13)(E) have now been applied for six years, so there is every reason to make this provision permanent. In so doing, Congress will also prevent any new, long-term uncertainty that the expiration of the provision creates for many tax-exempt organizations.

NADA commends Chairman Tiberi, Ranking Member Neal and the entire Subcommittee for actively considering the extension of expiring tax provisions, appreciates the opportunity to provide comments on this important matter, and urges expeditious action to achieve permanent tax law in this area.

[2] In the event the Subcommittee retains the "qualifying specified payment" concept, we urge the Subcommittee to expand that concept to include not only renewals under substantially similar terms of "grandfathered" contracts but also new contracts with substantially similar terms to such "grandfathered" contracts, as commercial necessities may require the execution of a new contract rather than the renewal of an existing contract.

BIODIESEL. America's Advanced Biofuel

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Written Testimony of Anne Steckel
National Biodiesel Board Vice President of Federal Affairs
Submitted to the U.S. Committee on Ways and Means
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
April 26, 2012

Executive Summary: Biodiesel is a renewable, low-carbon diesel replacement fuel made from an increasingly diverse mix of feedstocks including agricultural oils, recycled cooking oil, and animal fats. It is the only domestically produced, commercial-scale Advanced Biofuel – as defined by the Environmental Protection Agency (EPA) – that is readily available and accepted nationwide. It meets a strict ASTM fuel specification and is used in existing diesel engines without modification.

In its short history, the biodiesel tax incentive has achieved its desired goal of stimulating U.S. biodiesel production – increasing the domestic manufacturing of a clean-burning, renewable fuel while generating jobs, reducing America's reliance on foreign oil and improving the environment.

When the tax incentive was enacted in 2005, the U.S. produced 112 million gallons of biodiesel. In 2011, with support from the tax incentive and the RFS, the industry set a new production record of nearly 1.1 billion gallons, supporting more than 39,000 jobs across the country while generating at least $628 million in federal, state and local tax revenues, according to a recent economic study[1].

The biodiesel industry is poised to continue that momentum in 2012 so long as Congress and the Administration continue supporting strong policies such as the biodiesel tax incentive for stimulating clean, domestic energy production.

However, the industry's recent success should not be taken for granted, and the recent expiration of the $1 per gallon biodiesel tax incentive poses a significant threat to the industry's continued growth. U.S. biodiesel remains a young and vulnerable industry. In fact, we know from recent history what could happen without the biodiesel tax incentive and a strong Renewable Fuel Standard (RFS). When the tax incentive lapsed in 2010, the result was predictable: Plants closed and thousands of people across the country lost work. Specifically, U.S. biodiesel production plummeted by 42 percent, resulting in the loss of nearly 8,900 jobs and a drop in household income of $485 million.

Only in 2011, after Congress reinstated the tax incentive and the RFS was fully implemented, did the industry regain its footing and begin ramping up production again, with record-breaking success.

With the ongoing economic downturn, now is not the time to allow another industry slump. Under projected expansion by 2015, biodiesel is expected to support more than 74,000 jobs, $4 billion in income, and some $7.3 billion in GDP, according to the economic study.

That growth will be severely jeopardized if Congress does not extend the biodiesel tax incentive, which also applies to bio-jet and renewable diesel production.

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Chairman Tiberi and Ranking Member Neal, I appreciate the opportunity to submit written testimony on behalf of the National Biodiesel Board (NBB) regarding the economic impact of the biodiesel tax incentive.

As producers of America's only commercial-scale Advanced Biofuel that's sold and produced nationwide, the U.S. biodiesel industry looks forward to working constructively with this committee to ensure that our nation's Advanced Biofuel goals are met.

NBB applauds your efforts to review expiring tax provisions to determine how these provisions measure against key metrics such as cost, effectiveness, and job creation. History has shown that well-crafted and efficient tax incentives can be powerful policy mechanisms to achieve the nation's energy objectives and leverage private sector investment to promote the deployment and utilization of new energy resources. This is certainly the case with the tax credit for biodiesel, renewable diesel and bio-jet fuel. As with every other major U.S energy resource, effective tax policy has helped create domestic manufacturing jobs as well as significant economic and energy policy benefits.

Before the biodiesel tax incentive expired on December 31, the U.S. biodiesel industry had a record year of production in 2011, producing nearly 1.1 billion gallons and creating good-paying jobs in nearly every state in the country. This success is in part attributed to the strong federal policies in place encouraging domestic energy production. While we understand the pressures facing Congress, we believe economic conditions are simply too weak today to pull support from a growing American industry that is a rare bright spot in this struggling economy.

The recent expiration of the $1 per gallon biodiesel tax incentive poses a significant threat to the industry's continued growth, economic impact and job creation. Now, as much as ever, the biodiesel industry needs stability and support to continue its remarkable success story, and we encourage Congress to provide a retroactive extension of the biodiesel, renewable diesel, and bio-jet tax credit. Quickly reinstating the expired biodiesel tax incentive would provide needed certainty and protect against future disruptions and the loss of thousands of much-needed jobs.

Background and Industry Overview: Biodiesel is a renewable, low-carbon diesel replacement fuel. The EPA has determined, based on the performance requirements established by the *Energy Independence and Security Act* (EISA) (P.L. 110-140), that domestically produced biodiesel is an Advanced Biofuel under the RFS2 program. In fact, it is the only commercial-scale fuel sold and produced across the United States to achieve this designation.

Biodiesel is made from waste greases such as recycled cooking oil, animal fats and secondary-use agricultural oils, and is refined to meet a specific commercial fuel definition and specification. The fuel meets the D6751 fuel specification set forth by ASTM International, the official U.S. fuel-certification organization. Biodiesel is one of the most- and best-tested alternative fuels in the country and the only alternative fuel to meet all of the testing requirements of the 1990 amendments to the Clean Air Act. There are approximately 195 domestic and foreign biodiesel plants registered with the EPA, representing a combined production capacity in excess of 3 billion gallons.

Biodiesel is primarily marketed as a five percent (B5) blending component with conventional diesel fuel, but can be used in concentrations up to twenty percent (B20). It is distributed utilizing the existing fuel distribution infrastructure with blending occurring both at fuel terminals and "below the rack" by fuel jobbers.

Status and Background on the Biodiesel Tax Incentive: The biodiesel tax incentive was enacted in 2004 as part of the American Jobs Creation Act (P.L. 108-357) and took effect in 2005. The incentive was subsequently extended through December 31, 2008, as part of the Energy Policy Act of 2005 (P.L. 109-190). H.R. 1424, the Emergency Economic Stabilization Act of 2008 (P.L. 110-343), again extended the incentive for one year through December 31, 2009, at which time the credit expired. After being expired for all of 2010, Congress extended the tax credit through December 31, 2011 (P.L. 111-312).

It expired again on December 31, 2011, and is currently lapsed.

While the impact of this year's expiration are just beginning to be seen, the 2010 expiration of the tax credit had a severely detrimental impact on the domestic biodiesel industry. In fact, the industry's decline resulted in the loss of nearly 8,900 jobs and a drop in household income of $485 million.

The biodiesel tax incentive is designed to encourage the production and use of biodiesel by making the fuel price-competitive with conventional diesel fuel. In general, current law allows taxpayers to claim the biodiesel tax incentive as either a $1.00 per gallon general business income tax credit or as a $1.00 per gallon blenders excise tax credit. To qualify for the biodiesel tax incentive, the fuel must by statute meet both the ASTM D6751 fuel specification and the Environmental Protection Agency's (EPA) registration requirements under Section 211 of the Clean Air Act.

The Internal Revenue Code provides a general business income tax credit to encourage the production and use of biodiesel, renewable diesel and bio-jet fuel. The credit is the sum of three credits – the biodiesel mixture credit; the biodiesel credit; and the small agri-biodiesel producer credit. The biodiesel mixture credit provides a $1.00 per gallon credit for each gallon of biodiesel that is blended with conventional diesel fuel. The biodiesel credit provides $1.00 per gallon for each gallon of pure B100 biodiesel that is used as a fuel. The small agri-biodiesel producer credit is a 10 cents per gallon credit for plants with a production capacity of less than 60 million gallons per year. The credit can be claimed on the first 15 million gallons of production.

Biodiesel Public Policy Benefits: The biodiesel tax incentive has helped achieve the worthwhile policy goal of creating jobs while increasing the production and use of biodiesel in the U.S. In 2004, when the incentive was initially enacted, the U.S. produced 25 million gallons. In 2011, with the tax credit reinstated and with a strong RFS program, the industry produced nearly 1.1 billion gallons. There are compelling public policy benefits associated with the enhanced production and use of biodiesel in the U.S.

Biodiesel Reduces our Dependence on Foreign Oil: Biodiesel can play a major role in expanding domestic refining capacity and reducing our reliance on foreign oil. The 3.6 billion gallons of biodiesel produced in the U.S. since 2005 have displaced an equivalent amount of diesel fuel with a clean-burning, efficient fuel that the EPA estimates reduces lifecycle greenhouse gas emissions by as much as 86 percent compared to petroleum diesel fuel and creates 5.5 units of energy for every unit of energy that is required to produce the fuel.

Biodiesel is Good for the Environment: Biodiesel is an environmentally safe fuel, and is the most viable transportation fuel when measuring its tailpipe emissions, lifecycle carbon emissions and energy balance. Since 2005, biodiesel has reduced lifecycle greenhouse gas emissions by 48.3 billion pounds, the equivalent of removing 4.25 million passenger vehicles from America's roadways.

Biodiesel Reduces Diesel Emissions: Tailpipe emissions from traditional diesel – primarily from trucking fleets, school buses and other vehicles – are a significant health and air quality concern. In an update to its National-Scale Air Toxics Assessment earlier this year, EPA cited diesel exhaust as one of the nation's most dangerous pollutants, saying it is "among the substances that may pose the greatest risk to the U.S. population." Thousands of trucks and buses hit the road every day burning traditional diesel fuel. Substituting higher amounts of biodiesel for traditional diesel fuel is the simplest, most effective way to immediately improve emissions.

The Biodiesel Industry is Creating Jobs and Making a Positive Contribution to the Economy: NBB estimates that the U.S. biodiesel industry supported more than 39,000 jobs in 2011, in all sectors of the economy, and added more than $3.8 billion to the nation's Gross Domestic Product (GDP).

Biodiesel is America's first advanced biofuel and when compared to gasoline, diesel and ethanol, it is at a fundamentally different stage of development and should be treated as a new fuel in the marketplace. The petroleum industry has received a number of tax incentives for many years; and the ethanol industry has been around for decades and had its tax incentive since 1980. In contrast, the biodiesel industry has had commercial-scale production for only about six years, and has had its tax credit only since 2005. The gasoline marketplace is approximately 140 billion gallons, the diesel pool is approximately 60 billion gallons and the ethanol marketplace is producing some 14 billion gallons. By comparison, biodiesel production reached a record 1.1 billion gallons last year. Biodiesel is an up-and-coming industry and is in a far more fragile stage of development.

Conclusion: The biodiesel tax incentive has helped achieve the desired goal of increasing the domestic production and use of biodiesel, and in turn has helped the U.S. realize the energy security, economic and environmental benefits associated with displacing petroleum with domestically produced renewable fuels. These benefits, however, will be jeopardized if Congress does not act in a timely manner to address the immediate issue facing the industry and extend the biodiesel tax incentive.

About NBB: NBB is the national trade association representing the biodiesel industry as the coordinating body for research and development in the U.S. It was founded in 1992, and since that time, NBB has developed into a comprehensive industry association which coordinates and interacts with a broad range of cooperators including industry, government and academia. NBB's membership is made up of biodiesel producers; state, national and international feedstock organizations and feedstock processor organizations; fuel marketers and distributors; and technology providers.

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Chairman Tiberi and Ranking Member Neal, I again appreciate having the opportunity to submit written testimony on this issue of significant importance to the U.S. biodiesel industry. We look forward to serving as a resource for the Committee on issues related to biofuels tax policy as the committee proceeds.

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[1] Cardno ENTRIX June 8, 2011, Economic Impact of Removing the Biodiesel Tax Credit for 2010 and Implementation of RFS2 Targets Through 2015.

STATEMENT FOR THE RECORD
Mr. J.D. Alexander
President, National Cattlemen's Beef Association
HOUSE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SELECT REVENUE MEASURES
"HEARING ON CERTAIN EXPIRING TAX PROVISIONS"
APRIL 26, 2012

To Chairman Pat Tiberi, Ranking Member Richard E. Neal, and distinguished members of the House Committee on Ways and Means, Subcommittee on Select Revenue Measures, on behalf of the National Cattlemen's Beef Association (NCBA) I offer this statement for the record for the April 26, 2012, hearing on certain expiring tax provisions.

NCBA has represented America's cattlemen and women since 1898, preserving the heritage and strength of the beef industry through education and public policy. As the largest and oldest national association of cattle producers, NCBA represents a very diverse beef industry that strives to meet demand in emerging markets and increase demand for beef. NCBA appreciates the opportunity to provide you with insight on how certain expiring and expired tax provisions impact the beef industry.

Before we discuss the individual provisions impacting the beef industry, it is important to recognize the importance of having certainty in the tax code. Cattlemen deal with daily stress of uncertainty in water supply, feed availability, forecasting of prices, labor supply, the health and welfare of their animals, not to mention all of the other normal stressors that come with operating a family business. These are factors beyond our control, and we do not ask nor want government assistance in addressing them. However, one area the government can help is providing certainty in the tax code. This is one factor of our operation that we should be able to depend on with some certainty—to be able to formulate a business plan to brace for changes in factors beyond our control, but that's simply not the case in recent years. The lack of certainty in the tax code is hindering our economic growth and is detrimental to our ability to reach our full potential. As cattlemen across the United States can attest, it is difficult to establish a multi-year business plan, craft an estate plan to keep your operation in business once you pass away and make long term improvements and expansions in your operation, when you have no clue what the tax code will look like several months from now. Furthermore, why would a financial institution risk investing more capital in an already risky enterprise when there are too many unknown factors in a business plan?

While we definitely need certainty in the tax code, the reality of the situation is that we may not have any certainty of the tax code until the last few weeks of this year. Regardless of when action occurs, we want to highlight expiring and expired tax provisions that are important parts of our business operations.

One of the most important issues facing beef-producing families is the future of the estate tax, more commonly referred to as the death tax. The death tax is one of the leading causes of the breakup of multi-generation family farms and ranches. If Congress fails to act by the end of this year, the estate tax will revert to a staggering $1 million exemption, taxed at a 55 percent rate.

Increasing production costs, rising property values and an uncertain tax code make it difficult to form a business plan, much less plan for the future of your estate. We cannot afford for the estate tax to continue being a political football that is punted year after year. We need permanency in the tax code.

NCBA was pleased that temporary estate tax relief for two years was provided in the 2010 tax package. The current estate tax exemption applies to estates up to $5 million a person ($10 million per couple) and taxed at a rate of 35 percent. The two year estate tax package also reinstates stepped-up basis, indexes the estate tax exemption for inflation and contains a spousal transfer of any unused estate tax exemption amount. Without question, we support a full and complete repeal of the estate tax, or at the very least, a long term extension of current estate tax relief or relief for estates engaged in production agriculture. We cannot afford for the estate tax to revert to the pre-2001 levels.

As part of the 2010 tax package the capital gains tax rate was set at 15 percent for two years, expiring at the end of 2012. As cattlemen are primarily asset-rich and cash-poor, the capital gains tax is an important tool for our business and estate plans. Many farmers and ranchers are dependent on their land to fund their retirement and the accumulated estate is significantly reduced by income taxes upon liquidation. NCBA supports changes to the tax code that allow agricultural operators a one-time tax free capital gains rollover from the sale of agricultural land and/or rights into an Individual Retirement Account (IRA), Keogh Plan, or similar retirement account to be taxed at time of withdrawal, or allow a one-time exemption from tax on the sale of certain agricultural land and/or rights. NCBA also supports increasing the amount eligible to be expensed and increasing the annual limitation amount on capital purchases. Finally, NCBA supports the premise that sales of conservation easements and conservation easement credits be considered capital gains sales for tax purposes. Incorporating these reforms to the capital gains tax would greatly improve our business operations.

Another major part of the 2010 tax package was a two-year patch of the Alternative Minimum Tax (AMT). The AMT has resulted in an increased income tax burden on farmers, ranchers and owners of other closely held businesses who have long-term capital gains on the sale of lands and other business assets. For these reasons, NCBA supports the abolition of the Alternative Minimum Tax. However, if the AMT remains as part of the tax code, then Congress must address the negative impact of income averaging triggered by the AMT. The purpose of income averaging was to even out the effect of high and low years of agriculture income. Unfortunately there have been instances where its use has triggered the AMT. If the AMT remains part of the tax code, NCBA supports changing the AMT where the use of income averaging does not trigger the AMT.

Conservation easements are a valuable tool for estate planning and allow tax benefits to the donor of the easement. Currently the tax code does not allow tax benefits over a long enough period to allow the average farmer or rancher to use the benefit. NCBA supports legislation to give the donor of a conservation easement substantially more time to use the tax deduction than the current 6 years and to give agricultural producers a larger percentage income tax deduction than currently allowed (30 percent) by the tax code. NCBA was pleased to see the inclusion of the conservation easement tax credit included in the 2010 tax package. This credit was made retroactive to January 1, 2010, and unfortunately expired at the end of 2011. The tax credit raised the income tax deduction a landowner can take for donating a conservation easement from 30 percent of their income in any year to 50 percent. It allowed farmers and ranchers to deduct up to 100 percent of their income, and increased the number of years over which a donor can take deductions from 6 to 16 years. NCBA supports permanent extension of this credit made retroactive for all of 2012.

I would be remiss if I did not highlight one of the greatest hindrances facing the beef industry today--the lasting effects of drought, wildfires and floods. The U.S. beef industry has witnessed a tremendous decrease in our national herd due to circumstances far beyond our control. In some cases, complete livestock operations were liquidated or forced to relocate to escape impending disaster. We are no stranger to bad weather, but the tax code makes it difficult for livestock operations to get back on their feet in a short time frame. Natural disasters can destroy livestock, productive grazing lands and ranch facilities, including fences. Unfortunately, current Internal Revenue Service (IRS) rules do not allow fence replacement costs to be fully expensed and deducted in the year of replacement, except on a restricted basis. This limitation places an unnecessary and undue burden on ranchers who have been devastated by natural disasters and who need to rebuild and restock their ranching operations. NCBA supports federal legislation that would allow the costs of replacing fences that have been destroyed by natural disasters to be fully tax deductible in the year such costs are incurred.

Mr. Chairman and Ranking Member, we appreciate this opportunity to share with you our concerns and priorities regarding the tax code. The beef industry is not asking for government handouts, but we do ask that you carefully consider our concerns and requests to provide greater certainty and efficiency in the tax code so that the current generation of cattlemen and women, and future generations of cattlemen and women of America can continue feeding the world.

Sincerely,

J.D. Alexander
President, National Cattlemen's Beef Association

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National Cattlemen's Beef Association

NATIONAL DEVELOPMENT COUNCIL

Statement for House Ways and Means Select Revenue Measures Subcommittee Hearing on Certain Expiring Tax Provisions, April 26, 2012

Name/ Organization
Robert W. Davenport, President
National Development Council
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Thank you, Mr. Chairman for providing us with the opportunity to testify on these important matters.

The National Development Council (NDC) is one of the nation's oldest non-profit community development organizations (organized in 1969) with the mission to create economic opportunity for disadvantaged Americans, to create jobs for the unemployed, and to provide quality affordable housing to underserved urban and rural areas across the country.

To carry out our mission, NDC has become one of the nation's most active participants in the NMTC program. To date, we have deployed more than $560 million of NMTC which in turn have leveraged over $1.2 billion in 70 NMTC projects spread over 27 states across the nation.

Purpose of Statement

We are writing to support the

- extension of the New Markets Tax Credit, which expired on December 31, 2011, and

- The passage of HR 2655, the New Markets Tax Credit Extension Act of 2011.

NATIONAL DEVELOPMENT COUNCIL

America Needs NMTC

The NMTC program was enacted through a bi-partisan collaboration of Republicans and Democrats in the late 1990s. Enacted under President Clinton and implemented under President Bush, the NMTC program has proven to be one of the most vital, cost effective, flexible, and resilient tools for stimulating investment in underserved communities across America. Significantly, NMTCs generate tax revenues that are reducing the federal deficit.

NMTC are vital:

NMTCs create jobs, economic opportunity, entrepreneurship, and community pride and esteem in America's poorest communities. 73% of NMTC investments occur in designated areas of extreme economic distress.

For example, in Spartanburg SC, our $7.3 million NMTC investment created a community shopping center for the severely distressed Southside Community that includes a grocery store (the first in many years), a minority owned pharmacy, an apparel store, a credit union, and several additional women and minority owned and self-sustaining businesses. The project created 35 permanent jobs and 75 construction jobs.

NMTC create jobs:

During its short tenure, NMTCs have created or retained more than 300,000 jobs across America, private sector jobs in areas that historically have persistently high unemployment and poverty rates.

For example, our $10.6 million NMTC investment in rural St. Johnsbury VT helped finance a manufacturing facility for Weidmann Electrical Technology, Inc., a manufacturer of electrical insulation for transformers that created and retained more than 270 quality manufacturing jobs in this low income rural area.

NMTC are competitive and cost effective:

While it normally takes a $92,000 investment to create a new job, because NMTCs are a shallow subsidy, it costs taxpayers only $17,000 in foregone tax revenues to create a new job using NMTCs. As a result, NMTCs stimulate $8 of private sector investment for every dollar of federal tax revenue foregone.

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Because the number of projects eligible for NMTCs exceeds the availability of NMTCs by a wide margin, only the best and most competitive projects attract the least amount of a NMTC investment necessary to enable the project to go forward.

NMTC are flexible and demonstrate effective government:
One of the hallmarks of the NMTC program is its flexibility in meeting local needs by permitting almost any type of project to be financed. Some of the projects NDC has financed include:

- A $10 million investment into the Ed Roberts Campus, a social service facility run by people with disabilities for low income people with disabilities in Berkeley, CA.
- A $12 million investment into Omaha Standard, a truck bed manufacturer in Council Bluffs, IA that created and retained 320 quality manufacturing jobs in this distressed community.
- A $7 million investment into StreetSquash, an after school education and youth enrichment program for at-risk youth in Harlem, NY. 95% of its enrollees go on to college in a community where less than 50% normally graduate from high school.
- A $10 million investment into Green City Growers Cooperative in Cleveland, OH to construct a 5 acre worker-owned hydroponic food production greenhouse on the site of a former Brownfield in a census track with a 58% poverty rate, an unemployment rate that is nine times the national average, and median income level of 22% of AMI.
- A $7.6 million investment into Island Hospital in rural Anacortes, WA providing the only acute care facility within 80 miles of this low income county.
- A $10.6 million investment into the Abilene Life Sciences Accelerator in Abilene, TX to create the Center for Immunotherapeutic Research and biotech incubator space by financing state of the art equipment to attract world class research and create 200 jobs.
- A $6.1 million investment into Artspace City Center of Salt Lake City, UT to provide affordable live/work space for low income artists.

- A $14 million investment into Court Square Center in Memphis, TN, a community renewal project involving the preservation and conversion of two long-abandoned commercial structures into 40,000 sq. ft. of LEED certified commercial space and 74 units of housing while creating 88 permanent and 908 construction jobs and stimulating major investment in the adjoining neighborhood.

NMTC are resilient

When the sharp downturn in the US economy occurred in 2008, nearly every form of conventional financing dried up, especially in low income communities. While the capital markets were swooning, the NMTC program flourished. NMTC activity levels increased each year as the recession set in. Without the NMTC program, billions of dollars of investments in our lowest income communities would have been thwarted.

NMTC are an investment that reduces the federal deficit

The CDFI Fund has documented that it costs taxpayers $17,000 in foregone tax revenues to create one job using the NMTC program. The Bureau of Labor Statistics documents that the average job in America pays wages of $42,000. This average wage earner will pay $10,040 annually in federal taxes (income and payroll taxes), a 57% return on investment. In twenty months, that newly created job will repay in full the cost of creating the job. After that, year in and year out, this job continues to pay taxes which reduce the federal budget deficit.

In Support of H.R. 2655

NDC enthusiastically supports H.R. 2655 whose essential features include:

- A five year extension of the credit
- An increase in funding authority to $5 billion annually
- A fix to the AMT (alternative minimum tax)

NMTC is one of only two programs (public or private) in America that targets equity capital into the areas that most urgently need equity capital, low income communities (the other program is the Low Income Housing Tax Credit Program, or LIHTC). Without equity, prudent community development simply cannot occur. NMTC equity is invested by the private sector, in exchange for the tax credits. Private sector underwriting standards are employed and the projects are structured with the highest probability of success. The track record of the NMTC program speaks for itself.

Uncertainty is the worst enemy of investment. Investing in low income communities is a complex decision. A project may be in planning for a year or more. Investors cannot commit to invest in a project in (say) 18 months from now if they do not know there will be a program at that point in time. While investors want to invest in NMTC projects, their investment dollars cannot sit idly on the sideline, hoping for the eventual extension of the credit as in 2012. Project developers and credit markets need certainty to plan and underwrite these projects. Permanency of the program is badly needed; short of that a five year extension is needed to inform the credit markets that the NMTC program is a real program through which they can build public-private partnerships to actively participate in the future development of low income communities across the country.

In addition to providing for the extension of the NMTC program, H.R. 2655 thoughtfully expands the program from $3.5 billion to $5 billion annually. Demand for the credit far exceeds the availability of the credit. In 2011, applicants for NMTC requested more than $26 billion in authority for a program awarding only $3.5 billion in credits, a 7.4:1 ratio.

During the recession, when ARRA briefly expanded the allocations of NMTC to $5 billion annually, the program digested the increased allocations seamlessly. More than 300 diverse CDEs have successfully competed for and completed NMTC projects. Annually, only 70-100 of these CDEs receive awards. With expansion of the authority to $5 billion annually, the number of CDEs accommodated can be increased by 50% without increasing risk to the program because the pool of experienced CDEs is large. There is ample evidence that $5 billion in annual credit authority would be quickly put to good use. In 2011, NMTC investments totaled $5.7 billion, the most ever and 67% higher than 2009.

Along with extension and expansion of the NMTC program, H.R. 2655 provides for an AMT fix to put NMTC on par with other tax credit programs. The AMT fix will expand the credit's investor base which will increase competition in the marketplace, increase prices for the credits, and increase the amount of the federal subsidy going into qualified projects.

NATIONAL DEVELOPMENT COUNCIL

In Summary
NDC has worked in low income communities for nearly half a century. We have seen federal initiatives come and go. To create economic opportunity for low income areas, we have used them all. Through experience, we have learned what works and what doesn't work. From our perspective, the NMTC program really works for America and is effective government in action.

Thank you.

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NATIONAL EDUCATION ASSOCIATION nea.org

Great Public Schools for Every Student

Testimony Submitted for the Record
U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures

Hearing on
Certain Expiring Tax Provisions
April 26, 2012

Chairman Tiberi and Members of the Subcommittee. On behalf of the 3.2 million members of the National Education Association (NEA), we thank you for the opportunity to submit these comments for the record in conjunction with the hearing on certain expiring tax provisions. These comments focus on two specific expiring tax policies – the educator tax deduction and the Qualified Zone Academy Bond (QZAB) program.

Extend the Educator Tax Deduction

NEA strongly supports an extension of the educator tax deduction. This critical deduction, which expired at the end of the 2011 tax year, helps recognize the financial sacrifices made by teachers and education support professionals.

Educators often reach into their own pockets to purchase classroom supplies because they want to make sure students have what they need to succeed. Studies show that educators are spending more of their own funds each year to supply their classrooms and purchase essential items such as pencils, glue, scissors, and facial tissues. According to NEA's most recent survey, 97 percent of educators surveyed indicated that, in 2006, they had spent some of their own money to meet the needs of their students. These educators spent an average of $477 a year out of their own pockets to purchase classroom supplies such as books, pencils, paper, and art supplies.[1]

Many educators are finding the need to reach into their own pocket has increased in these difficult economic times, as funding cuts lead to shortages in essential supplies and more students come to school without basic learning tools. A large majority of educators also spend an average of $15 a month out of their own pockets to feed students. (*Status of the American Public School Teacher 2005–2006,* March 2010.)[2]

The need for these expenditures is not surprising. According to First Focus:

- 2.7 million more children lived with an unemployed parent during a typical month in 2011, compared to 2007 (an increase of 71%), bringing the 2011 total to 6.5 million children;
- 3 million (47% of those living with an unemployed parent) lived, during a typical 2011 month, with a parent unemployed six months or longer;

[1] National Education Association, *Status of the American Public School Teacher 2005–2006,* March 2010.
[2] Ibid.

- 8 million more additional children relied upon SNAP for food in 2011, compared to 2007, bringing the total number of children receiving SNAP to 21 million (one in four);
- 16 million children (more than one in five) currently live in poverty[3]

The educator tax deduction is a bipartisan recognition of educators' financial sacrifices as well as of the needs of students who lack even the basic necessities for success in school. Extending it will make a real difference for many educators, who often must sacrifice other personal needs in order to pay for classroom supplies and instructional materials.

Expand the Educator Tax Deduction
We also strongly support the Teacher Tax Relief Act (H.R. 1738), introduced by Representative Reichert (R-WA). This bill would expand the educator deduction to cover professional development expenses, increase it from $250 to $500, and make the deduction permanent. Teacher quality is the single most critical factor in maximizing student achievement. Ongoing professional development is essential to ensure that educators stay up-to-date on the skills and knowledge necessary to prepare students for the challenges of the 21st century. Expanding the deduction to cover professional development expenses would make a critical difference in helping educators access quality training.

Extend the QZAB Program
NEA also supports extension of the Qualified Zone Academy Bonds program. On average, the buildings that house our public schools are more than 40 years old.[4] The American Society of Civil Engineers gives the condition of our schools a grade of "D" and attributes the failure to upgrade them to "problems in the financial sector and declining revenues for states and local governments."[5] According to Fix America's Schools Today (FAST!), a project of the Economic Policy Institute and the 21st Century School Fund schools need an estimated $500 billion in repairs and upgrades.

The QZAB program has proven to be an efficient and cost-effective way to help disadvantaged communities address pressing renovation and repair needs. QZABs assist school districts in rural and urban communities by providing a financing mechanism to renovate buildings and invest in equipment and technology. Investors receive a federal tax credit equal to the amount of interest payable on the bonds, thereby relieving local taxpayers and municipalities of the interest burden.

A school that is awarded a QZAB may use the funds to:

- renovate and repair buildings;
- invest in equipment and up-to-date technology;
- develop challenging curricula; or
- train quality teachers.

The QZAB program expired at the end of the 2011 tax year. We urge Congress to extend this critical program.

Thank you for your consideration of these comments.

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[3] *The Recession's Ongoing Impact on America's Children: Indicators of Children's Economic Well-Being Through 2011*, Julia Isaacs, Brookings Institution, December 2011.
[4] *National Center for Education Statistics*
[5] *Report Card for America's Infrastructure, 2009*

Submitted on behalf of:

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NEMA
National Electrical Manufacturers Association

Representing Electrical and Medical Imaging Equipment Manufacturers
www.nema.org

SUBMITTED VIA COMMITTEE WEBSITE

April 25, 2012

The Honorable Dave Camp
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Patrick Tiberi
Chairman
Subcommittee on Select Revenue Measures
U.S. House of Representatives
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
Subcommittee on Select Revenue Measures
U.S. House of Representatives
Washington, DC 20515

Chairmen Camp and Tiberi and Ranking Members Levin and Neal:

The National Electrical Manufacturers Association (NEMA) thanks the Subcommittee for the opportunity to provide for the record these comments on tax extenders. NEMA is the association of electrical equipment manufacturers, founded in 1926 and headquartered in Arlington, Virginia. Its member companies manufacture a diverse set of products including power transmission and distribution equipment, lighting systems, factory automation and control systems, and medical diagnostic imaging systems. Worldwide annual sales of NEMA-scope products exceed $120 billion.

Through its Electric Vehicle Supply Equipment and Systems (EVSES) section, NEMA represents manufacturers of products or assemblies installed for the purpose of safely delivering and managing electrical energy between an electric vehicle (EV) and an electrical source. These comments are submitted on behalf of NEMA's Electric Vehicle Supply Equipment product section[1].

NEMA believes EVs are part of the solution for our Nation to address many of our energy related challenges. We believe that EVs are a critical component of the "all of the above" energy policy that promotes job creation, energy independence and emission reductions. NEMA member companies are

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[1] Members of NEMA's Electric Vehicle Supply Equipment include: ABB Inc.; Coleman Cable Inc.; Cooper Industries; Coulomb Technologies, Inc.; Eaton Corporation; ECOtality North America; GE; General Cable; Hubbell Incorporated; Legrand, North America; Leviton Manufacturing Co., Inc.; Milbank Manufacturing Company; Schneider Electric; SEW-Eurodrive, Inc.; Siemens Industry, Inc.; Southwire Company; TE Connectivity; Toshiba International Corporation; and Associate Member NRG EV Services.

making significant investments in transportation electrification. With the right set of policies to go with them, these investments will pay dividends for generations to come.

NEMA believes extending the Section 30C credit for Alternative Fuel Vehicle Refueling Property is one of these critical policies.

The National Academies ranks electrification as the most significant engineering achievement of the twentieth century[2]. Few would argue this point. Put another way, NEMA member manufacturers have spent the last 100 years building an electric infrastructure that is virtually ubiquitous today and ready to support the plugging-in of America's cars and trucks. In fact, deployment of EVs is the natural extension of a robust, reliable, and affordable electric grid.

Prices at the pump have been incredibly unstable, while prices near $4 per gallon in 2008 and again now place a terrible burden on American families. The price of electricity, on the other hand, has remained steady and affordable. According to the Edison Electric Institute, even when gasoline prices were at their lowest point, powering the average car by electricity as opposed to gasoline would have been more economical[3]. Today, the difference between the two in dollars-per-gallon equivalent is dramatic.

U.S. electricity is generated by a range of mostly domestic feedstocks including coal, natural gas, nuclear, and renewables. The U.S. Energy Information Administration estimates that 70% of all petroleum is used in the transportation sector. Moving away from gasoline and toward electric vehicles reduces our dependence on foreign oil and increases our national security.

The technologies behind EVs are proven. Innovations continue to occur at a rapid pace in this sector, but no one should categorize the development of the electric grid or electric vehicles as technologically risky endeavors.

Deployment of electric vehicles will decrease pollution. According to a new study by the Union of Concerned Scientists, electric vehicles, no matter what part of the country you are in, are an environmental win[4]. The situation will only improve as our mix of generation resources moves away from coal, as is already occurring due to, for instance, the vast amounts of newly recoverable natural gas.

But today's hearing is not at its core about debating the merits of various alternative transportation fuels. This hearing is, however, about whether or not to extend a tax provision for emerging markets. This hearing is about how best to encourage adoption of new technologies and ensure that the research and development and manufacturing jobs associated with these new technologies remain here in the U.S. instead of being exported overseas.

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[2] www.nationalacademies.org/greatachievements/List.PDF

[3] www.eei.org/ourissues/EnergyEfficiency/Documents/Prices_graph_2012.pdf

[4] www.ucsusa.org/assets/documents/clean_vehicles/electric-car-global-warming-emissions-report.pdf

The Alternative Fuel Vehicle Refueling Property Credit (Section 30C), which expired in 2011, provided a modest tax credit for the purchase of refueling property designed for vehicles powered by ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, certain biodiesel mixtures, or electricity.

Clearly, this credit does not pick technology winners and losers. Rather, it promotes all alternative fuel transportation infrastructure, to give consumers the most flexibility in choosing the right alternative fuel vehicles to meet their needs.

NEMA envisions the Section 30C credit as a temporary incentive designed to provide an early boost to a burgeoning set of industries, ensuring both that the U.S. is not outpaced by other countries making similar investments and that the public policy objectives of alternative fuels in transportation are expedited.

Early adopters of alternative fuel vehicles need certainty as they make purchasing decisions. A multi-year extension of the Section 30C credit would provide this certainty and a level playing field among alternative fuel technologies. However, given the realities facing Congress, NEMA urges the Subcommittee to recommend extending the Section 30C credit to apply, at minimum, to tax year 2012.

Thank you for the opportunity to provide testimony at today's hearing.

Sincerely,

Kyle Pitsor

Kyle Pitsor
Vice President of Government Relations
National Electrical Manufacturers Association (NEMA)

Statement for the Record
By
Carl Cohen, President National Employment Opportunity Network (NEON)
For Committee on Ways and Means Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
April 26, 2012

Mr. Chairman and Ranking Member Neal, on behalf of the National Employment Opportunity Network (NEON), I want to thank you for the opportunity to submit testimony on the Work Opportunity Tax Credit (WOTC). I am Carl Cohen, President of NEON which is comprised of management assistance companies that help businesses to set up and administer hiring tax incentives programs both on the national, state and local level.

The Work Opportunity Tax Credit (WOTC) has been one of the most cost effective public-private sector partnership jobs programs Congress has enacted. Since its inception in 1996 in conjunction with the major reform of the nation's welfare programs, WOTC has helped over 7,500,000 people transition from dependence on public assistance programs into the job market and in many cases providing an opportunity for advancement. WOTC gives employers an incentive to take a second look at those eligible and give them a chance to compete for a job. In 2001, the Government Accountability Office (GAO) concluded that employers significantly changed their hiring practices in response to WOTC.

According to a 2011 study by Dr. Peter Cappelli, a Labor Economist at the University of Pennsylvania's Wharton School of Business, WOTC is a cost effective way to encourage employers to hire certain categories of individuals who have limited work skills and/or other barriers to employment, most of whom are on some form of public assistance. Dr. Cappelli points out in his study that individuals hired under WOTC tend to stay on the job longer and are more likely to advance than other entry level workers who did not qualify for WOTC. He also indicates that WOTC acts to expand the number of people in the workforce given that many non-WOTC job applicants are already employed. Dr. Cappelli concludes that WOTC saves the federal government an average of $5,000 in federal public assistance payments for every year that the individual stays in the workforce at a maximum onetime cost of $1,500 to the federal government. Because WOTC is generally only a one year credit (exception for long term welfare recipients) the savings to both the federal and state governments continue for each year that they remain in the workforce. It should be noted that a New York State Department of Labor Study indicates that those hired through WOTC continue in the workforce and do not go back on the public assistance rolls. The average credit, based upon employer records is approximately $1,100 per certified individual. Dr. Cappelli's calculations do not factor the savings to the states for their share of public assistance payments for welfare and Medicaid. This makes WOTC one of the most cost effective jobs programs ever enacted.

When the Committee does move forward on the business tax extenders, which NEON hopes and urges that you will do expeditiously, we want to encourage you to take a look at the

Schock/Rangel bill H.R. 2082 which would seamlessly reauthorize WOTC. One of the major problems facing this country is youth unemployment for individuals who have dropped out of school or who have been socially promoted through the school system but graduate with few if any employable skills. In 2009, Congress added a new WOTC category – Disconnected Youth – which addressed this problem. The Department of Labor's records indicate that employers responded to this new category by hiring 160,000 young people in FY 2010 most of whom would never have been even considered for employment absent the WOTC incentive. Unfortunately, this category was allowed to lapse at the end of 2010 when Congress last reauthorized the core WOTC program. For Disconnected Youth, unemployment remains well over 25% and in some inner city and rural communities, it is upwards of 30%. NEON strongly urges the Committee to reauthorize this provision.

Similarly, NEON would encourage the Committee to enact a provision in the Schock/Rangel bill which would help to make the program more user friendly and reduce the administrative burden on the State Workforce Agencies (SWAs) which are charged with certifying WOTC eligibility. Currently, employers are required to file a certification request and the SWA is charged with verifying eligibility and then issuing a certification. The volume of certification requests runs two to three times the number of certifications granted and is running as high as 2,000,000 applications a year. At a time when the SWAs are facing significant budgetary constraints this is placing an ever increasing and, in a number of instances, an unnecessary burden on the SWAs.

For most categories, the SWAs are the only entity which has access to the eligibility information required to issue a certification (welfare and food stamp records). However, in other instances, employers with the help of those they hire can obtain all the information needed to verify eligibility. That is why the Schock/Rangel bill provides employers with an "alternative" certification process. For categories such as Designated Community Residents (Empowerment Zones), SSI recipients, ex-offenders, and vocational rehabilitation referrals, in most cases the employer can obtain the information needed to determine eligibility. This information can be gathered either directly from the individual hired or from a government agency (subject to a release from the individual hired). In those instances, the employer should be allowed to claim the credit without having to submit a certification request to the SWA. Under the bill's provisions, employers would be subject to audit, loss of the credit, and penalties should it be determined that the WOTC credit was claimed inappropriately. This would make the program more employer accessible and help to reduce the administrative burden for the SWAs.

Another concern for the employers we work with is the need to extend the Designated Community Residents Category which provides a tax incentive for employers who hire 18 to 39 year olds who reside in Empowerment Zones and Enterprise Communities. In FY 2010, over 65,000 individuals were hired from these communities. In order to be eligible, the provision is dependent upon the continued existence of these communities. NEON would urge the reauthorization of Empowerment Zones and Empowerment Communities or at the very least modifying WOTC to allow for continued eligibility under WOTC for those who reside in those previously designated communities.

NEON would like to point out to the Committee that despite the expiration of WOTC December 31, 2011, most employers have continued to maintain their WOTC programs which involves considerable expense to them. The costs involved in maintaining a successful WOTC program include:

1. establishing a community outreach program in order to increase the number of qualified applicants applying for jobs,
2. incorporating the WOTC IRS pre-screening form into the job application process,
3. training managers to look for and hire WOTC eligible individuals,
4. the added costs of training and retention, as well as
5. the costs involved in filling out the required paperwork and filing it with the SWA along with any required backup information, within 28 days of when the employee begins work.

Given this good faith reliance by employers who are currently incurring considerable expenditures in the expectation that, as Congress has done in the past, WOTC will be seamlessly extended -- NEON urges the Committee to do so once again.

Finally, we commend the Committee for recognizing the special challenges facing our troops when they come home and look for work. The enactment of the Returning Heroes and Wounded Warriors Work Opportunity Tax Credits will encourage employers to once again change their hiring practices and seek to hire veterans. However, NEON is concerned that without the extension of the core WOTC program, many of the same employers who participate in the traditional WOTC program will find that they cannot justify the cost of maintaining the WOTC infrastructure needed to make the veterans credit a success. As best we can tell, the veterans hiring credit will result in a program that is about one tenth the size of the traditional WOTC program. The new veterans credit will work best as an add on, not a substitute, for the core WOTC program.

National Farmers Union

United to Grow Family Agriculture

May 10, 2012

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Subcommittee on Select Revenue Measures
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Washington, D.C. 20515

The Honorable Richard E. Neal
Ranking Member
House Ways and Means Committee
Subcommittee on Select Revenue Measures
2208 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Camp, Ranking Member Levin, Chairman Tiberi and Ranking Member Neal:

National Farmers Union (NFU) appreciates the opportunity to submit comments for the record regarding the committee's **hearing on Certain Expiring Tax Provisions held April 26, 2012.** NFU has represented family farmers, ranchers and rural residents since 1902 and we work to improve the well-being and quality of life for family farmers, ranchers and rural communities by advocating for grassroots-driven policy adopted annually by our membership. On behalf of our 200,000 family farm members, I urge the committee to extend the expiring Renewable Energy Production Tax Credit (PTC) as quickly as possible.

The PTC is the main driver of wind project developments. Farmers and ranchers across the country understand the opportunity that renewable energy presents as a source of revenue for their operations and their communities. The PTC is crucial to the wind industry, especially in states in the middle of the country that have the opportunity to carry renewable power to larger load centers across the country. Whether it is selling electricity on to the grid or offsetting electricity costs on their operation, America's farmers and ranchers are eager to harvest the renewable resources on their land. Unfortunately, the uncertainty of the PTC extension makes financiers and businesses hesitant about investing in or developing new projects. Because wind projects are developed several months in advance, the industry has already seen layoffs in the workforce and drop-offs in orders.

Ending the PTC would be devastating to the renewable energy industry. Analysis by the American Wind Energy Association (AWEA) found that 37,000 U.S. jobs connected to the wind sector would be lost as a result of ending the PTC. Across the entire the supply chain, from manufacturing plants to installation and maintenance, jobs will be at risk. Fewer economic opportunities currently exist in rural America, forcing young people to find work elsewhere. At a time of economic distress, we cannot afford to end investment in this industry that is critical for rural economic development.

NFU strongly urges the committee to take up an extension of the PTC as soon as possible.

Thank you for your consideration.

20 F Street NW Suite 300 Washington DC 20001 P: 202.554.1600 F: 202.554.1654 www.nfu.org

Sincerely,

Roger Johnson, President
National Farmers Union
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202-554-1600
Contact E-mail Address: cgoule@nfudc.org
Hearing on Certain Expiring Tax Provisions

TESTIMONY BEFORE THE UNITED STATES CONGRESS
ON BEHALF OF THE

NATIONAL FEDERATION OF INDEPENDENT BUSINESS

NFIB
The Voice of Small Business.®

Statement for the Record for the

House Committee on Ways and Means
Subcommittee on Select Revenue Measures

Hearing on Certain Expiring Tax Provisions

April 26, 2012

National Federation of Independent Business (NFIB)
1201 F Street, NW Suite 200
Washington, DC 20004

The National Federation of Independent Business (NFIB) appreciates the opportunity to submit this statement for the record for the hearing on certain expiring tax provisions, also known as "tax extenders." NFIB is the nation's leading small business advocacy organization representing over 350,000 small business owners across the country, and we appreciate the opportunity to provide our perspective.

Tax uncertainty continues to plague small business. In fact, according to the NFIB April 2012 Small Business Economic Trends report, 20 percent of small business cited taxes as the single most important problem facing them today. Additionally, a recent NFIB poll shows 22 percent of small-business owners said uncertainty is the single most important external impediment to growth. Tax uncertainty also increases compliance costs for small businesses. Already, the typical small business spends annually between 1.7 billion and 1.8 billion hours on tax compliance and \$18 billion to \$19 billion on compliance costs. Small business owners also spend on average \$74.24 per hour on the paperwork associated with tax compliance—the highest paperwork cost imposed on small business by the federal government. Further, one of the greatest concerns for small business owners is their inability to conduct long-term planning when challenged with tax rules that change constantly. It is very difficult for small business owners to make short- and long-term investment decisions when their future tax burden is so uncertain.

At the end of this year, 2012, the expiration of many small business tax provisions will adversely impact job creation and small business investment opportunities. Irrespective of when these provisions were enacted or extended through previous legislation, the outcome of these provisions expiring will be the same: higher taxes on small businesses, resulting in the loss of vital cash flow. For this reason, any discussion of extending expiring tax provision must include the following priorities for small business: (1) the expanded expensing under Section 179 including the definition of real property as added in Section 2021 of the *Tax Relief Act of 2010*; (2) extending the self-employed health insurance tax deduction, as enacted in Section 2042 of the *Small Business Jobs Act of 2010*; (3) the reduced 5 year holding period for the built in gains (BIG) tax, as extended in Section 2014 of the *Small Business Jobs Act of 2010*; and (4) the increased start-up deduction for new small businesses, as enacted in Section 2031 of the *Small Business Jobs Act of 2010*. Additionally, other provisions included in S. 2050, the *Small Business Tax Extenders Act of 2012* should be considered by the committee. Finally, it is important for the committee to consider other expiring tax provisions important to NFIB's members including depreciation for qualified restaurant buildings, farm equipment, and the deduction for state sales taxes.

Section 179 with Real Property

Since 2003, Congress has steadily increased the allowable expensing amount from \$25,000 to \$500,000 for tax year 2011. Section 2042 of the *Small Business Jobs Act of 2010* also allowed for the inclusion of real property as an eligible deduction. This allows small businesses to immediately deduct the full value of investments in equipment in the year the investment is made rather than claiming the deduction over a longer depreciation period, greatly simplifying tax preparation. If Congress fails to act this year, Section 179 expensing would no longer include real property, and the limits will fall back to \$139,000 in 2012 and \$25,000 in 2013.

Self-Employed Health Insurance Deduction

NFIB supports providing tax equity to the nation's self-employed businesses by expanding the deductibility of health insurance to apply to employment taxes. Section 2042 of the *Small Business Jobs Act of 2010* allows self-employed business owners to deduct the cost of health insurance for themselves and their family in the calculation of their 2010 self-employment tax. Because 75 percent of all small businesses are pass-through entities taxed at individual rates, the deductibility of such insurance expenses makes a real difference.

Reduced Holding Period for Built-In Gains

Reducing the BIG holding period for S-Corporations is central to the ability of small businesses to access capital. When businesses convert from a C-corporation to an S-corporation, they have been required to hold their appreciated assets for up to a decade or else face a punitive level of double taxation. Thus, the BIG tax effectively locks-in capital assets. Section 2014 of the *Small Business Jobs Act of 2010* reduced this holding period to 5 years, but it will increase to 10 years in 2013.

Start-Up Deduction for New Small Businesses

While a typical business can deduct its business expenses in the year the expenses are paid, a start-up business is limited in the amount it can deduct. Managing such expenses is important to operating a successful business. According to the 2001 NFIB Small Business Poll, the cost of materials and supplies are among the most prominent expenses for small business owners. Most new small businesses face significant start-up costs, including advertising, obtaining licenses, permits and fees, paying rent, hiring business and financial consultants and providing employee training. Section 2031 of the *Small Business Jobs Act of 2010* addressed this issue by allowing up to $10,000 after tax year 2011 as a deduction for start-up expenditures. Inaction by Congress reduces this deduction to $5,000.

Conclusion

Delaying consideration of these provisions has the practical effect of creating greater uncertainty for small businesses. This uncertainty is amplified due to the fact that, in most instances, small businesses must pay their income taxes quarterly. The end of 2012 already entails the expiration of the current marginal tax rate structure, many popular family and business deductions, the expiration of the AMT patch and several other provisions. Not dealing with these popular small business tax extenders until the end of the year results an extra layer of uncertainty for small business taxpayers. Furthermore, many of these provisions enjoy wide support by both Members of Congress and the business community. As such, if and when Congress takes up fundamental tax reform, these provisions should be made permanent features of the tax code. Barring that, there is no reason that these provisions should not be extended permanently.

Thank you again for the opportunity to provide comments on expiring tax provisions. NFIB remains eager to work with members of the Committee on Ways and Means to provide tax relief and certainty to our nation's small business job creators.

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Statement of the National Foreign Trade Council for the Record
House Ways and Means Committee
Subcommittee on Select Revenue Measures
Hearing on Expiring Tax Provisions
April 26, 2012

The National Foreign Trade Council (NFTC) welcomes this hearing and urges Congress to act, as soon as possible, on legislation to extend a number of pro-growth, pro-competitiveness tax provisions that expired at the end of 2011. Given the uncertainty created by not knowing what the state of the law may be and given the competitiveness pressures of the global marketplace, an immediate and seamless extension of these provisions will provide immediate benefits to the U.S. economy.

The NFTC, organized in 1914, is an association of some 250 U.S. business enterprises engaged in all aspects of international trade and investment. Our membership covers the full spectrum of industrial, commercial, financial, and service activities, and we seek to foster an environment in which U.S. companies can be dynamic and effective competitors in the international business arena.

NFTC members believe that pro-growth tax law changes will go a long way to shore up business confidence and promote U.S. economic growth and job creation. We urge Congress to adopt a bill that can be enacted as soon as possible and signed into law by the President that includes the following provisions that expired at the end of 2011:

The "CFC Look-Through" Rules

We support the extension of the law that allows "look-through" treatment for payments of dividends, interest, rents and royalties between related controlled foreign corporations. Without this provision American companies are subject to U.S. taxation when they redeploy foreign earnings from active business operations in foreign markets. Foreign businesses competing in the same markets pay no such tax to their home countries. Without the extension of this rule, American companies will remain at a competitive disadvantage in serving foreign customers and consumers.

The United States taxes U.S. companies on their worldwide income, but the general rule is that foreign subsidiary income is not taxed by the United States until the subsidiary earnings are brought back to the U.S. parent, usually in the form of a dividend. In 1962, Congress imposed immediate tax on "passive" subsidiary earnings. In a very general sense, Congress wanted to prevent companies from forming foreign subsidiaries for the purpose of "parking" portfolio investments out of the tax collector's reach.

Since 1962, the general rule has deferred taxation of "active" business income from operations conducted in a single foreign country. In the past, the law taxed currently dividends, interest, rents or royalties paid from one foreign affiliate to another located in a different country as passive income. If the two subsidiaries were in the same country, current U.S. taxation did not apply.

Since 2006 Congress has permitted the active earnings of foreign affiliates of U.S. companies to be redeployed between those affiliates without current tax. This rule expired at the end of 2011. The traditional model for operating a global business has changed significantly over the last 40 years. Today's global economy is significantly different from the environment that existed when these rules were first introduced in 1962. In today's world, it makes no sense to impose income tax when U.S. companies want to fund the operations of a subsidiary in one country from the active business earnings of a subsidiary in a second country. Foreign-based companies in territorial jurisdictions pay no such tax.

For example, U.S. manufacturers typically establish specialized manufacturing sites, distribution hubs, and service centers. As a result, each related-party entity serves a very specialized function. Without an extension of this so-called "look-through" rule, U.S. tax law would inappropriately increase the cost for these foreign subsidiaries to serve their customers in a very competitive business environment. Foreign competitors do not pay current tax on these related-party payments of dividends, interest, rents and royalties.

Unless the look-through rule is extended, American companies will be at a material competitive disadvantage as compared to foreign-based companies. Suffering current U.S. taxation of active business income when subsidiaries make cross-border payments while the foreign competition pays no such tax would penalize U.S.-based multinationals for responding to the opportunity to serve foreign consumers by redeploying active foreign earnings among foreign affiliates.

Subpart F Active Business Financing Income

The NFTC supports extension of the provision that affords the general rule of deferral to the active business income of U.S. financial services companies. The provision-- referred to as the active financing exception-- is essential to the ability of U.S. financial services companies to compete in global markets. It also plays an important role in supporting U.S. exports. The ability of U.S. manufacturers to provide competitive financing for customers has a direct and positive impact on U.S. exports and manufacturing jobs.

Conclusion

The NFTC supports reforming the tax code to improve the competitiveness of the U.S. economy and increase jobs and wages of American workers. While permanent reform is essential, it will take time. In the short term, it is critical that Congress enacts a seamless extension of the business tax provision that expired at the end of 2011.

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Statement
of the
National Grocers Association
Submitted to
The House Ways and Means Committee
Subcommittee on Select Revenue Measures
On
Certain Expiring Tax Measures
By
Peter Larkin, President & CEO
May 3, 2012

The National Grocers Association (N.G.A.) wishes to express its appreciation to Subcommittee Chairman Tiberi and members for holding the hearing on April 26, 2012 on Certain Expiring Tax Measures and for affording N.G.A. the opportunity to submit this statement for the hearing record.

N.G.A. is the national trade association representing the retail and wholesale grocers that comprise the independent sector of the food distribution industry. An independent retailer is a privately owned or controlled food retail company operating a variety of formats. Most independent operators are serviced by wholesale distributors, while others may be partially or fully self-distributing. Some are publicly traded but with controlling shares held by the family and others are employee owned. Independents are the true "entrepreneurs" of the grocery industry and dedicated to their customers, associates, and communities. N.G.A. members include retail and wholesale grocers, state grocers associations, as well as manufacturers and service suppliers. For more information about N.G.A. and the independent sector of the industry, see the N.G.A. website: www.NationalGrocers.org.

Overview.

On January 6, 2012 the Congressional Joint Committee on Taxation published a long list of 60 federal tax provisions that expired at the end of 2011 and another 43 that will expire at the end of 2012. It is well known that in recent years the uncertainty of our tax laws has created a major impediment for independent retail grocers, wholesalers and other businesses to plan for the future, even more so for family owned businesses when it comes to estate taxes. N.G.A.'s retail and wholesale grocers are growing more and more concerned about the inability to make fundamental business and succession decisions because of the numerous short term changes Congress makes to the tax code and then fails to timely extend the expiring provisions. In today's economic environment many business owners are refraining from investing in a new store or remodel because of the expired 2011 provisions, and thus curtailing employment opportunities. The magnitude of the dilemma for independent retail and wholesale grocers will be even more significant if Congress does not act before December 31, 2012. In the longer term N.G.A. believes that tax reform must be balanced, fair and equitable. Reform of the tax code is complex and must be carefully studied before any reform changes are adopted.

Extension of Pro-Growth Tax Provisions.

Cost Recovery and Investment Incentives. At the end of 2011 a number of pro-growth tax provisions expired including the Work Opportunity Tax Credit (WOTC), 15 year straight-line cost recovery for qualified leasehold improvements (including qualified retail improvements), the 100% accelerated bonus depreciation, the increased expensing of up to $500,000 in equipment, and re-authorization of New Market Tax Credits. These provisions that were listed in the Subcommittee's list of expiring measures have been, in many cases, the only reasons independent retail grocers or wholesalers have been able to expand their businesses or hire new workers.

N.G.A. members feel strongly that appropriate tax policies should promote economic growth and jobs, such as the accelerated depreciation incentives that promote investment in equipment and business expansion. The resulting economic growth will not only create jobs within retail and wholesale grocery companies, but also in the communities they serve and the manufacturing, construction and supply industries.

In October 2011 the N.G.A. Tax Committee reviewed the importance of these provisions to their business growth and in creating jobs. The consensus was the 100% percent accelerated bonus depreciation, along with the increased expensing of up to $500,000 in equipment, the 15 year straight-line cost recovery for qualified leasehold improvements and New Market Tax Credits, were the key essential elements in fostering their plans for investment, and ultimately in their creation of new jobs in recent years.

Retailers and wholesalers reported during this economic recession that because credit has been so tight, or nonexistent, the 100% accelerated bonus depreciation was the key resource that made projects financially feasible. The increased expensing for equipment was an important incentive for equipment purchases and upgrades. In fact, a report prepared by Ernst and Young for the S Corporation Association entitled "The Flow-Through Business Sector and Tax Reform" illustrates that the combination of accelerated depreciation and Section 179 expensing rank at the top of largest business tax expenditures is beneficial to both C corporations and Flow-through entities, such as Subchapter S corporations and LLCs, from 2010 through 2014. In addition, the 15 year straight-line cost recovery for qualified leasehold improvements, including retail improvements, has long been recognized as important to retail grocers due to the fact that the prior 39 year life was too long and does not reflect the economic realities of cost recovery.

The New Markets Tax Credits serve to offer retailers critical access to capital. The New Markets Tax Credit (NMTC), authorized in the Community Renewal Tax Relief Act of 2000, was designed to stimulate investment and economic growth in low-income communities that are traditionally overlooked by conventional capital markets. The NMTC program attracts capital to low income communities by providing private investors with a 39 percent federal tax credit for investments made in businesses or economic development projects located in some of the most distressed communities in the nation –

census tracts where the individual poverty rate is at least 20 percent or where median family income does not exceed 80 percent of the area median.

Employment Incentives-Work Opportunity Tax Credit.

Since President Reagan's Economic Recovery Tax Act of 1981 was enacted, Congress has provided private sector employers a work opportunity tax credit (WOTC) as a financial incentive to hire workers from targeted groups of the chronically unemployed. This has enabled retail grocers, wholesalers and other employers to provide job opportunities, many for the first time, to the poor, veterans, at-risk youth, and the disabled. The WOTC has been proven by several Federal and State evaluations to be an effective tool for placing hard-to-hire workers into productive, private-sector jobs.

In 2011, over 1.1 million workers found jobs through WOTC, at an average cost of approximately $1,300 based on Joint Committee on Taxation data—all other employment costs are borne by the private employer. This figure doesn't include any offsetting savings from lower welfare, disability, and SSI payments. Congress allowed WOTC to expire last year for all but veterans, and past experience demonstrates that with unemployment still exceeding 8 percent a chance for a million jobs may be lost to disadvantaged workers if the WOTC is not extended this year.

The WOTC originated from the appeals of veterans, mayors with large at-risk youth populations, and parents of children with disabilities who wanted their child to live a normal life. Employer acceptance of WOTC is demonstrated by the fact that last year State Workforce Agencies received 3,750,000 employer requests to certify workers for WOTC and approved 1,160,000. N.G.A. strongly supports the extension of the WOTC as called for in Representative Schock's (R-IL) and Rangel's (D-NY) bill, H.R. 2082.

Major Important Priority Tax Extenders For N.G.A.'s Independent Retail Grocers and Wholesalers.

The Subcommittee's list of Certain Expiring Tax Measures for the hearing did not include two major current tax provisions that are of crucial importance to retail and wholesale grocers and expire at the end of 2012, the current individual tax rates and the estate taxes. As Congress considers these measures it is also important that they be extended.

Extend Individual Tax Rates.

On December 31, 2012 the individual tax rate reductions of 2001 and 2003 will expire and individuals will face average rate increases of 3 to 4%. For business entrepreneurs that operate Subchapter S, LLC's, and other pass-through entities, these rate increases would adversely affect the financial resources that are retained for operating capital, business expansion and jobs. N.G.A.'s 2011 Independent Grocers Financial Survey reported that 51% percent were S-Corporations, 18% LLCs, and 30% C Corporations. According to the Ernst & Young report for the S Corporation Association, approximately 3.8 million flow-through entities in 2008 were in the retail and wholesale trade compared to just 425,000 C corporations. Meanwhile, flow-through entities with 100 or more employees employed 20 million employees, suggesting that large flow-through businesses are a significant source of employment. The report observed an important finding that, "The concern over higher individual tax rates has, in part, been the result of the fact that the flow-through sector plays an important role in the U. S. economy and the recognition that higher tax rates on these firms' owners may result in less hiring and capital investment with the flow-through sector."

The individual income tax rates should be extended for the foreseeable future, such as through 2014, so Congress can pursue tax reform in a fair and equitable fashion and weigh the concerns of both flow-through entities and C corporations in evaluating comprehensive tax reform. The so-called Millionaire's surtax on income over $250,000 and the "Buffet rule" should be rejected because of the adverse effects on Main Street community businesses like retail grocers.

Extend Estate Tax Provisions.

N.G.A. supports full repeal of the estate tax, however, the current economic environment may preclude repeal. In the absence of repeal, N.G.A. calls on Congress to provide meaningful relief by making permanent the current inflation adjusted exemption of $5 million per individual ($10 million per married couple with portability of any individual's unused portion to the surviving spouse) and the maximum tax rate of 35%.

Because the estate tax falls on assets, it reduces incentives to save and invest and, ultimately, hampers growth of privately held and family owned businesses. The estate tax is especially burdensome to family-owned retail grocers and wholesalers. Well over half of the assets of a typical supermarket—the highest of any other industry sector—are not liquid, so the death of an owner creates a serious obstacle to continuation of the business. Because the estate tax is assessed on the value of a business at the owner's death, it often forces families to borrow funds to pay the tax. As a result it reduces the ability to invest and hampers growth of the business, or forces the sale of the business.

Conclusion.

Congress should immediately include the above provisions in a comprehensive extenders bill and quickly pass it. Tax increases and uncertainty are not the answer to restoring economic growth. Congress should act now to provide American businesses with long term stability and certainty within the tax code, in part, by making permanent the current individual rates and current estate tax rates and exemption. N.G.A. also urges Congress to extend, through 2014, the Work Opportunity Tax Credit (WOTC), the 15 year straight-line cost recovery for qualified leasehold improvements (including qualified retail improvements), the 100% accelerated bonus depreciation, the increased expensing of up to $500,000 in equipment, and re-authorization of New Market Tax Credits.

National Hydropower Association
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April 26, 2012

The Honorable Pat Tiberi	The Honorable Richard Neal
Chair	Ranking Member
Subcommittee on Select Revenue Measures	Subcommittee on Select Revenue Measures
Committee on Ways and Means	Committee on Ways and Means
1136 Longworth House Office Building	1136 Longworth House Office Building
Washington, DC 20515	Washington, DC 20515

Re: Statement for the Record of the National Hydropower Association on the April 26, 2012 Hearing on Tax Provisions that Expired in 2011 or Will Expire in 2012

Dear Chairman Tiberi and Ranking Member Neal:

The National Hydropower Association (NHA)[1] appreciates this opportunity to comment on the need for continued federal tax policy support of renewable energy technologies – particularly hydropower and marine and hydrokinetic (MHK) – and the negative impacts developers are experiencing, and will be further exacerbated, due to lack of certainty with regard to the future availability of the credits.

NHA reiterates its strong support for federal policy that provides a predictable market signal in support of renewable energy project deployment, which in turn leverages significant private investment, stimulates job creation, and provides local economic benefits across the country.

We continue to urge Congress to approve, without delay, long-term extension of renewable energy incentives, such as the production tax credit (PTC) and other policies, which provide the hydropower industry the certainty needed to compete for investment, complete project construction and begin operation over the next several years.

In addition to the extension of the PTC, priority tax items for the hydropower industry include extension of the investment tax credit (ITC) and Section 1603 programs and additional funding of the clean renewable energy bonds program and renewable energy equipment manufacturers ITC.

As demonstrated by the recent introduction of PTC extension bills in both the House and the Senate, support for renewable energy incentives crosses party lines and regions of the country.

In the House, the American Renewable Energy Production Tax Credit Extension Act of 2011, H.R. 3307, sponsored by Representatives Dave Reichert (R-WA) and Earl Blumenauer (D-OR), has 92 cosponsors – with supporters from both sides of the aisle and representing 32 states across the country.[2]

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[1] NHA is the non-profit national association dedicated exclusively to advancing the interests of the U.S. hydropower industry, including conventional, pumped storage and marine and hydrokinetic technologies. NHA's 180 members includes public utilities, investor owned utilities, independent power producers, project developers, equipment manufacturers, environmental and engineering consultants and attorneys.

[2] The 30 states include: Alabama, Alaska, Arkansas, California, Connecticut, Colorado, Hawaii, Illinois, Iowa, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New

On the Senate side, the American Energy and Job Promotion Act, S. 2201, sponsored by Senator Chuck Grassley (R-IA), has 8 co-sponsors, both Democrats and Republicans, representing constituencies from Oregon to Colorado, from Nevada to Massachusetts.

Importance of Certainty to the Hydropower Industry

Extension of the renewable energy incentives has broad bipartisan support in Congress, assists the industries seeking to increase the nation's renewable energy production, and provides the necessary certainty to finance projects – particularly large, capital-intensive hydropower projects that must navigate long licensing processes.

Of the renewable technologies, hydropower has one of the longest development timeframes due, in part, to the extensive multi-year federal and state licensing process.[3] In addition, these projects incur significant up-front costs.

Currently, the hydropower PTC is set to expire in 2013. However, developers and other industry participants report that a sharp slowdown in pursuit of project development has already taken place. Due to the long timeline for regulatory approvals combined with the additional time needed for actual construction, for many hydropower projects the PTC has already effectively expired.

Without the long-term certainty and predictability provided by consistent federal support policies, developers are unable to attract the financing needed to support this considerable investment and utilities will be driven by default to other resources with shorter development timelines, such as wind and natural gas, resulting in a less diverse electricity generation mix.

As demonstrated below, failure to extend the tax incentives, including the hydropower PTC, will effectively bring these projects to a halt and undermine the progress the hydropower industry has made in recent years.

The Impact of Tax Incentives on Hydropower Industry-wide Growth

Throughout the 1990s and 2000s, the hydropower industry experienced a period of minimal growth. This changed dramatically with the inclusion of hydropower technologies under the production tax credit (PTC) and clean renewable energy bonds program (CREBs) in 2005, and other incentives, such as the investment tax credit (ITC) and Section 1603 program, in 2009.

From the enactment of the Energy Policy Act of 2005 through December 2011, FERC has certified 85 hydropower projects in 22 states for the PTC.[4] These projects, involving capacity additions and

York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Texas, Vermont, Virginia, Washington, and Wisconsin.

[3] The integrated licensing process (ILP), the default federal process for hydropower development takes 5-5.5 years. While FERC is the lead agency, the process can also involve federal hydropower project owners, such as the Bureau of Reclamation and the Army Corps of Engineers, federal resource agencies, state resource agencies, tribes, and interested stakeholders and the public. This complex, comprehensive process is intensive, multi-layered and can take up to 26 steps as outlined at: http://ferc.gov/industries/hydropower/gen-info/licensing/ilp/flowchart.pdf.

technology or efficiency improvements at existing hydropower facilities, have resulted in an average increase in generation of close to 11 percent for a total generation increase of 971,798 megawatt hours. This is enough energy to power 84,533 homes.[5]

Hydropower Project-specific Examples of the Need for Extension

One NHA member company that has a portfolio of 450 MW of proposed projects (all new facilities on existing dams) reports that the PTC and the ITC have brought much more capital investment into the hydropower market than in the past. Their projects are projected to receive FERC licenses between 2013 and 2015. Once the license is issued, they will then proceed to construction financing. The incentives help make the hydropower projects economically competitive to other renewable energy facilities.

For this company, election of the PTC or the ITC provides important value. However, for their portfolio, an ITC extension provides the greatest value. The company reports that an extension of the ITC would allow them to move forward on 83 percent of the MWs in their portfolio. With no ITC extension, they estimate only 23 percent will be built.

If the PTC is extended, but no parity given (hydropower currently receives only one-half PTC credit), they estimate 26 percent of their projects will move forward. If PTC is extended with parity given, the number increases to 45-50 percent. They also said that the 30 percent ITC is a value of about 26 percent of total project costs, while the PTC provides a value of only 7.5 percent (15 percent with parity).

Another member company has a proposed portfolio that includes a total of 10 projects totaling 250 MW that either have FERC licenses and/or are pending FERC issuance of a license. The company reports 2 of these will get built on the basis of qualification for the Section 1603 cash grant; however, it is unlikely that most of the other projects will get built unless the placed-in-service dates for the incentives are extended.

The multi-year licensing timeline, followed by an additional 1-2 years to get Corp of Engineers or Bureau of Reclamation sign-off and approval (the projects will be situated on existing federal infrastructure) is representative of the additional risks that new hydro projects on existing non-powered dams face from a financing perspective.

Additionally, while the projects are granted up to a 50-year license and have 80-100-year lifetimes, they must be financed and the debt amortized over a 20-year period, if developed by a private company. Once the projects are online they become the least costly source of energy over the life of the project. This is because once the debt and the initial costs are amortized; the projects will continue generating for another 30-60+ years and with much lower O&M costs.

Lastly, another NHA member company is currently developing 33 projects in 15 states, with 12 projects presently in the FERC hydropower licensing process. Nearly all of the projects are located at existing Army Corps of Engineers' dams. The company holds preliminary permits for the development of 400 MW of new hydropower capacity, equivalent to the energy production from approximately 1400 MW of solar power or 930 MW of wind power. The current projects will provide enough annual power for

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[4] The 22 states in which hydropower projects have received PTC certification are: Arkansas, California, Georgia, Idaho, Indiana, Kansas, Maine, Maryland, Massachusetts, Michigan, Montana, New Hampshire, New York, North Carolina, Oregon, Pennsylvania, South Carolina, Vermont, Virginia, Washington, West Virginia and Wisconsin.

[5] See http://www.eia.gov/tools/faqs/faq.cfm?id=97&t=3 for EIA data on average residential annual electricity consumption for 2010 (updated December 2011).

approximately 200,000 homes and annually avoid 2.7 billion pounds of carbon emission. The company expects to create 140 jobs per project during development.

They also report that they have received preliminary FERC permits for 11 new sites totaling 140 MW. The company states that they will not begin to develop these sites until the PTC is extended and are now only moving forward on licensing 1 of the 12 previously mentioned projects until there is resolution to the PTC issue.

They report that the PTC is valuable and will help ensure new development because it closes the gap between the price of a new hydro plant at an existing dam and the price to build new gas fired plants, which is the de facto baseline for utilities in PPA negotiations.

The company states that a PTC extension (at the full credit rate) would undoubtedly unlock new hydro growth and they would move forward very aggressively on virtually all of their proposed projects. Extension of the current PTC for hydropower (at half credit) also helps, though not as much as a full credit extension.

Conclusion

Hydropower is the country's largest renewable electricity provider, generating approximately 8 percent of total electricity in the United States in 2011.[5] This represents almost two-thirds of U.S. renewable electricity generation.

NHA believes tremendous opportunities exist to further increase deployment of hydropower resources to realize our national clean energy, job creation, and environmental goals.

However, the looming expiration of incentives, like the hydropower PTC in 2013, is already leading to a decline in the commitment to new projects and construction. As the company examples cited above illustrate, the full scope of this potential will only be realized if there is continued stable policy support for project deployment, such as extension of the placed-in-service dates of existing renewable energy incentives.

Again, NHA would like to thank you for the opportunity to comment on the need for continued federal tax policy support of renewable energy technologies - particularly hydropower and marine and hydrokinetic (MHK) - and we look forward to serving as a resource for the Committee.

Sincerely,

Linda Church Ciocci

Linda Church Ciocci
Executive Director

[5] http://www.eia.gov/electricity/monthly/epm_table_grapher.cfm?t=epmt_1_1

NPGA
NATIONAL PROPANE GAS ASSOCIATION

Statement of the National Propane Gas Association (NPGA)

**Subcommittee Hearing on "Certain Expiring Tax Provisions
(April 26, 2012)
U.S. House of Representatives
Ways and Means Committee,
Subcommittee on Select Revenue Measures**

Submitted by: Mike Troop
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April 30, 2012

The National Propane Gas Association (NPGA) and its members fully support H.R. 2014, the Propane Green Autogas Solutions Act of 2011. This bill, introduced last year, would extend three alternative fuel tax credits for the use of propane through 2016.

Two of the three provisions in the bill meet the definition of "tax extender" for purposes of the hearing held on April 26, 2012. Those two provisions are the alternative fuel credit (6426 (d)) and the alternative fuel vehicle refueling property credit (30 C). While the provisions in this bill apply to only propane, the goal of the propane industry is parity for propane with all alternative fuels in order to provide an equitable competitive environment. Therefore, NPGA would not object to the inclusion of other alternative fuels like natural gas within H.R. 2014.

The Propane Green Autogas Solutions Act (Propane Gas Act) of 2011 or "*Propane Gas Act*" would extend for five years the federal alternative fuel tax credits for propane used as a motor fuel, propane vehicles and propane refueling infrastructure. The bill was introduced by Representative John Carter, along with Representatives Dan Boren and Mike Rogers. It currently has an additional 23 bipartisan cosponsors. The economic analytical data being cited in this statement is based on all the provisions in H.R. 2014.

These tax incentives were originally created to stimulate a propane vehicle market in order to reduce U.S. reliance on foreign oil and reduce environmental impacts associated with gasoline and diesel fuel use. To date, these tax credits have been extended year-to-year. Congress should not wait to act until the credits are about to expire because market uncertainty regarding the credits undermines the effectiveness of the incentives and discourages the kind of investment that Congress wants the private sector to make in alternative fuels.

We believe the *Propane Gas Act* offers the kind of long-term policy commitment necessary to build essential alternative fuel infrastructure and bolster a burgeoning autogas market and will provide an immediate return on taxpayer investment. Experience in the industry shows that private investment is more likely to occur when the availability of long-term tax credits is assured. In this way the propane autogas industry is able to create the economies of scale necessary to make propane autogas a viable and competitive alternative fuel.

There are some unique qualities associated with propane when used as a motor fuel that make it every bit as practical and beneficial as the much heralded natural gas. In some instances propane is a better choice than natural gas. The propane autogas vehicle target market is commercial fleets where the impact on reducing imported fuel is large. Propane autogas vehicles produce 20% less greenhouse gas (CO_2) emissions than gasoline engines. They also produce less particulate matter, carbon monoxide, and nitrogen oxide than gasoline or diesel engines. Propane vehicles and related refueling infrastructure are available now for fleet use. Both Ford and GM are producing propane vehicle platforms, and for $25,000 - $50,000 propane refueling facilities can be quickly and easily installed. Finally, propane is an American fuel. 98% of supply is produced domestically. Similar to natural gas, propane supply is expected to increase over the next several decades, guaranteeing consumer availability and price stability.

From an economic impact standpoint, the use of propane autogas tells a good story. According to an analysis conducted by the independent analytical firm ICF International, the outlook for propane vehicles has changed substantially in the last few years. The increase in crude oil prices, combined with growth in domestic propane supply associated with the growth of shale gas has reduced the wholesale price of propane relative to gasoline, and changes in propane fleet fueling business practices have changed the relationship between propane and gasoline prices for fleet customers. As a result, current delivered propane prices are typically well below gasoline prices for fleet vehicles after adjusting for differences in fuel efficiency.

Given the current energy price outlook, propane prices are expected to remain well below gasoline prices for the foreseeable future. In addition, federal government tax policies have promoted the development of new propane vehicles by offering significant tax credits for new vehicles and refueling infrastructure, as well as excise tax credits on fuel. These incentives have encouraged development of a number of new propane vehicles that have recently reached the market, or are expected to reach the market in the next two years. However, the new vehicle tax credit expired at the end of 2010, and the infrastructure and fuel excise tax credit expired on December 31, 2011. Propane vehicle sales will expand relatively slowly in the absence of the tax credits proposed in H.R. 2014 or other incentives. However, H.R. 2014 would have a significant impact on the number of propane vehicles sold, leading to substantial economic, energy security, and environmental benefits at little or no net cost to taxpayers.

More specifically, H.R. 2014 will also provide significant benefits to the U.S. economy. The growth in the propane vehicle sales and use created by the tax credits will generate an increase in economic activity that peaks between $4 billion and $5.7 billion per year in 2016, and totals between $20 billion and $29 billion over the ten year period from 2012 through 2021. The growth in economic activity created by the tax credits will create between 30,000 and 42,000 net new jobs by 2016, including between 14,000 and 19,000 jobs directly related to the production, sale, and utilization of propane vehicles, propane refueling facilities, and propane production and distribution, and between 16,000 and 23,000 indirect and induced jobs in other industries created by the increase in demand for services by the industries directly affected, as well as the impact of reduced expenditures on fuel on demand for other products. Over the ten year period from 2012 to 2021, the cost of the proposed tax credits to the federal government will be more than offset by increased tax revenues at the federal, state and local level.

H.R. 2014 will improve U.S. energy security by increasing sales of domestically produced propane and reducing reliance on oil and petroleum imports. H.R. 2014 will increase consumption of domestically produced propane between 579 and 759 million gallons of propane per year by 2016, with a cumulative increase between 4.8 and 5.5 billion gallons between 2012 and 2021. The increase in propane use will reduce consumption of conventional fuels by the equivalent between 480 and 683 million gallons of gasoline per year by 2016, with a cumulative reduction of 3.5 to 4.9 billion gallons of gasoline equivalent between 2012 and 2021. The provisions in H.R. 2014 will reduce crude oil and petroleum product imports between 11 and 15 million barrels per year by 2016, and between 83 and 117 million barrels over the period from 2012 through 2021. The increase in propane consumption and corresponding reduction in gasoline consumption will directly reduce annual carbon dioxide emissions between 4.2 to 6.0 million tons per year by 2016, and between 31 and 43 million metric tons over the period from 2012 to 2021.

In summary, NPGA and the propane industry strongly believe the *Propane GAS Act* offers fleet operations and private investors the kind of long-term tax incentives necessary to solidify propane autogas as a viable and competitive alternative transportation fuel. The Propane GAS Act offers the long-term policy commitment necessary to encourage private investment, build essential alternative fuel infrastructure, and bolster a burgeoning autogas market that will provide an immediate return on taxpayer investment.

The Propane GAS Act also puts incentives directly into the pockets of the U.S. business fleets, making the switch to an American-made alternative fuel practical and with transparent policy benefits. Propane autogas provides one of the fastest returns on investment of any domestic alternative vehicle fuel. Autogas vehicles are the only economically feasible light- and medium-duty AFVs that can be deployed on a large scale and achieve comparable performance to gasoline vehicles. Finally, gasoline and diesel have a marketplace monopoly. It is time introduce competitors to gasoline and diesel, such as propane autogas; otherwise we will continue to be dependent on foreign oil.

We encourage Congress to extend the alternative fuel tax credit provisions in H.R. 2014 and thus enable propane to achieve its full potential as an important and valuable contributor to America's future energy policy.

NPGA is the national trade association of the propane gas industry with a membership of approximately 3,200 companies, including 39 affiliated state and regional associations representing members in all 50 states. Although the single largest group of NPGA members is retail marketers of propane gas, the membership includes propane producers, transporters and wholesalers, as well as manufacturers and distributors of associated equipment, containers and appliances. More than 55 million households use propane gas for space heating, water heating, cooking, outdoor recreation, and other uses. Propane gas is also used in millions of installations nationwide for commercial heating and cooking, in agriculture, in industrial processing, and as a clean alternative engine fuel for over-the-road vehicles and industrial lift trucks.

Statement of National Resources Defense Council

The Honorable Dave Camp
Chair
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Sander M. Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Pat Tiberi
Chair
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Richard E. Neal
Ranking Member
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

May 10, 2012

Dear Chairman Camp, Chairman Tiberi, Congressman Levin, and Congressman Neal:

As you begin the process of reviewing tax extenders, we urge you to support extension of certain tiers of the Energy Efficient Appliance Credit (Internal Revenue Code Sec. 45M) through the end of 2013. The Efficient Appliance Credit enhances the international competitiveness of America's appliance industry, creates jobs, saves consumers money on their energy bills, and benefits our environment. We collectively represent businesses, states, and efficiency and environmental organizations that support this critical tax incentive.

Before its expiration at the end of 2011, the Efficient Appliance Credit provided a very effective incentive for manufacturers to make high-efficiency clothes washers, refrigerators, and dishwashers. Congress enacted the incentive with strong bipartisan support in 2005. The amount of the incentive last year was capped at $25 million per manufacturer, except for the most highly efficient refrigerators and clothes washers, and the cost of extending the incentive for 2012 would be relatively modest.

The Efficient Appliance Credit has been an excellent driver of innovation in the manufacture of high efficiency appliances, which enables America's appliance industry to better compete in the growing worldwide market for these products. The industry responded to the incentive by dramatically increasing its production of high efficiency appliances that met the efficiency criteria set by the tax incentive. The initial tax credit levels were eventually adopted by Energy Star and later became the new U.S. Department of Energy efficiency standards jointly supported by manufacturers and efficiency advocates alike. As a result, these credits have proven very effective in spurring long-term, sustained changes in the market. Congress has extended the incentive three times, increasing the stringency of the qualifying criteria each time to ensure promotion of the greatest level of efficiency.

The Efficient Appliance Credit is also an important factor in maintaining jobs in America's appliance industry. According to the Association of Home Appliance Manufacturers (AHAM), the number of jobs in the United States affected by the incentive is on the scale of 40,000, which accounts for at least 17,000 direct manufacturing jobs that support the manufacturing of the appliance products covered by the incentive.

For these reasons, Congress should extend certain tiers of the Efficient Appliance Credit for two years to reflect the 2010 agreement between domestic manufacturers and energy efficiency advocates In particular, the top two efficiency tiers for dishwashers and refrigerators (those described in Secs. 45M(b)(1)(D) and (E) and 45M(b)(3)(E) and (F)) and top efficiency tier for clothes washers (Sec. 45M(b)(2)(F)) that were in effect in 2011should be extended through the end of 2013.

An extension of the Efficient Appliance Credit is essential to bringing innovative high-efficiency appliances into the marketplace. The market transformation achieved by this incentive prevented energy waste, decreased pollution, cut energy bills for American homeowners and businesses, and supported domestic jobs and economic growth.

Sincerely,

Alliance to Save Energy
American Council for an Energy-Efficient Economy
Association of Home Appliance Manufacturers
BSH Home Appliances Corporation
Conservation Services Group
Efficiency First
Energy Future Coalition
Environmental and Energy Study Institute
Environment America
Fresh Energy
Institute for Market Transformation
National Association of Energy Service Companies
National Association of State Community Services Programs (NASCSP)
National Association of State Energy Officials
Natural Resources Defense Council
Residential Energy Services Network (RESNET)
Sierra Club
Southern Alliance for Clean Energy
U.S. Green Building Council
Whirlpool Corporation

cc: Members of the Ways and Means Committee

REPRESENTING THE RESTAURANT INDUSTRY
The Cornerstone of the Economy. Career Opportunities and Community Involvement

Statement for the Record

Of

**Dave Koenig, Vice President, Tax and Profitability,
National Restaurant Association**

For The Hearing On

"Certain Expiring Tax Provisions"

Before

**Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives**

Thursday, April 26, 2012

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Chairman Tiberi, Ranking Member Neal, and members of the House Ways and Means Select Revenue Measures Subcommittee, thank you for the opportunity to submit this statement for the record on behalf of the National Restaurant Association. We applaud the Chairman, Ranking Member, and Subcommittee's consideration of these important issues.

Currently, the tax law presents taxpayers with a great deal of complexity and unpredictability. Looking ahead, tax reform presents an opportunity to provide taxpayers with certainty, simplicity, and fairness, while encouraging economic growth and job creation. Done properly, a comprehensive and nuanced review of the tax system would eliminate those tax policies that detract from these objectives, while promoting those that advance them.

However, in the interim, we urge immediate and seamless extension of expired provisions in the Internal Revenue Code ("tax code"). In particular, we strongly support extension of the 15-year depreciation schedule for leasehold improvements, restaurant improvements and new construction, and retail improvements and we commend Congressman Gerlach and Congressman Neal for their introduction of the broadly-supported, bipartisan H.R. 1265, which would make permanent this provision. We also strongly support the extension of the Work Opportunity Tax Credit ("WOTC"). Additionally, we urge strengthening the deduction for donations of food inventory.

Restaurants: An Industry with a Large Impact on Our Nation's Economy

The restaurant industry plays a significant role in our nation's economy. In 2012, the restaurant industry is expected to generate an estimated $632 billion in sales, with an overall economic impact of more than $1.7 trillion. Every dollar spent in restaurants generates an additional $2.05 spent in our nation's economy. The restaurant industry is one of the nation's largest private job creators, employing approximately 12.9 million people, representing nearly ten percent of the U.S. workforce. We are truly the cornerstone of this nation's economy.

Moreover, it is important to stress that the restaurant industry is an industry of small businesses. There are 970,000 restaurant and foodservice outlets in this country. Seven out of ten restaurants are single-unit operators. Most eating and drinking establishments, 93 percent of the industry, have fewer than 50 employees. Restaurants also serve as the conference rooms for many of the self-employed and other small businesses.

15-year Depreciation Schedule for Leasehold Improvements, Restaurant Improvements and New Construction, and Retail Improvements

One principle of the tax code is that costs of assets are allocated over the period in which they are used. Assets with longer expected lives are depreciated over a longer period of time, while assets with shorter lives are depreciated over a shorter period of time. As a reflection of this principle, the tax code contains a provision under which leasehold improvements, restaurant improvements and new restaurant construction, and retail improvements can be depreciated over 15 years rather than a 39-year recovery period that would otherwise apply to nonresidential real property.

With more than 130 million Americans patronizing restaurants each day, restaurant building structures experience daily structural and cosmetic wear and tear caused by customers and employees. National Restaurant Association research shows that, as a result, most restaurants remodel and update their building structures every six to eight years. Consequently, 15 years is a more accurate timeframe for recovering the cost of investments in restaurant buildings and improvements.

Moreover, a 15-year depreciation schedule reduces the cost of capital expenditures and increases cash flow. As demonstrated in Figure 1 below, the annual tax savings and corresponding additional cash flow realized by restaurateurs from a 15-year, rather than a 39-year, depreciation schedule are considerable. For example, a restaurateur's annual tax liability would increase by nearly $10,000 if the recovery period for a $1 million investment were increased from 15 years to 39 years. A more accurate recovery period frees resources to expand business either through new hires or further capital expenditures.

Figure 1.

Sample Calculations for 15-Year versus 39-Year Depreciation

Total Capital Expenditure on Eligible Property	Annual Depreciation Based on 39-year Schedule	Annual Tax Savings from Depreciation	Annual Depreciation Based on 15-year Schedule	Annual Tax Savings from Depreciation	Annual Difference in Tax Savings Between 15- & 39-year Schedules
$100,000	$2,532	$608	$6,667	$1,600	$992
$250,000	$6,329	$1,519	$16,667	$4,000	$2,481
$500,000	$12,658	$3,038	$33,333	$8,000	$4,962
$700,000	$17,722	$4,253	$46,667	$11,200	$6,947
$1,000,000	$25,316	$6,076	$66,667	$16,000	$9,924
$1,500,000	$37,975	$9,114	$100,000	$24,000	$14,886
$2,000,000	$50,633	$12,152	$133,333	$32,000	$19,848

Expenditure Scenarios

Rebuild Costs:	Renovation Costs:
Quickservice - $700,000	Quickservice - $250,000
Fullservice - $1,500,000	Fullservice - $500,000

Note: Figures are based on a 24 percent effective marginal tax rate

Additionally, when restaurants invest in construction and renovations, the impact spreads throughout the economy. Figure 2 provides state-by-state estimates of the additional spending on restaurant improvements and new construction that would result from an extension of the 15-year depreciation provision, as well as the overall economic and employment impact within each state.

However, the 15-year depreciation schedule is temporary and must be extended annually. Most recently, it was extended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 ("2010 Act") retroactive to the beginning of 2010 and through the end of 2011. Consequently, the provision has expired again. The piecemeal and temporary approach to the 15-year depreciation schedule, requiring extension every couple of years, presents taxpayers with unnecessary uncertainty and complexity.

As a result, economic activity is sitting on the sidelines in a fragile economic recovery. Currently, 30 percent of restaurant operators said they have put projects on hold because of the uncertainty surrounding the extension of the 15-year depreciation provision. With single-unit restaurant operators reporting an average expected project cost of $40,000, and multi-unit operators reporting an average expected project cost of $500,000, the additional construction activity of these restaurant projects alone would exceed $7 billion. Based on economic multipliers from the Bureau of Economic Analysis, the overall economic impact of these restaurant construction projects would exceed $23 billion, with a total employment impact of nearly 200,000 additional jobs across all U.S. industries.

Making permanent the 15-year depreciation schedule for leasehold improvements, restaurant improvements and new construction, and retail improvements would address this issue, providing taxpayers with predictability, simplicity, and fairness. Until there is an opportunity to address tax policy in a long-term and comprehensive manner like H.R. 1265, the 15-year depreciation schedule should be extended. Our nation's businesses are looking forward by planning capital expenditures to improve and expand their businesses. The ability to plan for these expenditures and know what the tax treatment will be in the future is important to those who are making such decisions right now.

Work Opportunity Tax Credit

Another important, but largely expired, aspect of the tax code is WOTC, a tax credit provided to employers who hire individuals from several targeted groups who face significant barriers to employment. Examples of WOTC-targeted employee groups include veterans who either are food stamp recipients or are unemployed and suffering a service-connected disability, former felons, disconnected youth, and members of families receiving benefits under the Temporary Assistance for Needy Families Program ("TANF").

The restaurant industry employs close to 13 million people, many of whom may not have been hired if WOTC had not been in place. WOTC encourages employers to hire certain categories of individuals with barriers to employment, enabling these workers to move into self-sufficiency as they earn a steady income and become contributing taxpayers. Through WOTC, more long-term welfare recipients – the most difficult cases – are being employed in the private sector and 7 out of 10 welfare recipients are using WOTC to find private sector jobs. A 2011 study by Peter Cappelli of the Wharton Business School at the University of Pennsylvania found that individuals hired under WOTC go on to become productive employees who are no longer dependent on public assistance.

Further, WOTC works. In 2011, more that 1.1 million workers found jobs through WOTC, at an average cost of approximately $1,300 based on Joint Committee on Taxation data. It is important to note that this figure does not reflect any offsetting saving from lower welfare, disability, and social security payments. The Cappelli study found that WOTC is one of the most successful and cost effective federal employment programs.

Allowing this provision to expire at a time of intransigent unemployment is a significant setback for job creation and the provision should be extended. Moreover, in the longer term, Congress should make WOTC permanent, since it has proven to be an efficient incentive for businesses to provide jobs for workers who might otherwise fall through the cracks. Doing so would further provide taxpayers with predictability and certainty in the tax code.

Deduction for Charitable Donation of Food Inventory for Small Businesses

Each day, 35 million Americans are at risk of hunger. At the same time, billions of pounds of food are wasted each year. America's restaurants give back to their communities in major ways, the most significant of which is through food donation. According to National Restaurant Association research, 73 percent of restaurants donate food to individuals or charities.

The deduction for charitable donation of food inventory is a critical tool in alleviating hunger. Without the provision, taxpayers get the same tax treatment for throwing out surplus food as they do for giving it to charity. The enhanced deduction instead encourages donating the food to charity, by helping to offset the costs associated with storing and transporting the extra food. Absent the enhanced deduction for the charitable donation of food inventory, these charities would be hard-pressed to meet critical demands, putting our nation's most vulnerable families at risk for hunger.

However, the impact of the deduction could be improved. For nearly 30 years since its inception in 1976, the tax deduction for contributions of food inventory was limited to C corporations. In 2005, the provision was temporarily expanded to include pass-through entities (i.e., Subchapter S corporations, limited liability companies) and has been extended on subsequent occasions. Making permanent the now-temporary component of the deduction would make it more effective, while advancing the objectives of providing taxpayers with simplicity and predictability.

The National Restaurant Association strongly encourages its members to donate more food and has partnered with Food Donation Connection ("FDC") to strengthen this effort. Founded by a former restaurant executive, FDC serves as the liaison between the restaurants interested in donating food and the social service agencies adept at getting that food to people in need. FDC helps restaurants develop and implement programs designed to provide an alternative to discarding surplus food, while capitalizing on the economic benefits of those donations through the tax savings. Since 1992, FDC has helped facilitate the donation of over 210 million pounds of food to non-profit, hunger-relief agencies.

Conclusion

Thank you for the opportunity to submit this statement on behalf of the National Restaurant Association. Until there is an opportunity for tax reform, we urge the immediate and seamless extension of the expired tax provisions. As Congress considers these important issues, we would be pleased to serve as a resource for the Subcommittee, the Committee, and Congress.

Figure 2.

Estimated Impact of Extending 15-Year Restaurant Depreciation Provision Through 2013

State	Increase in Spending on Restaurant Improvements & New Construction (in millions)	Total Economic Impact Within the State (in millions)	Total Employment Impact Within the State (total jobs in all industries)
Alabama	$78	$170	1,591
Alaska	$21	$37	263
Arizona	$113	$233	1,913
Arkansas	$53	$104	961
California	$851	$1,953	13,122
Colorado	$130	$293	2,264
Connecticut	$101	$192	1,250
Delaware	$22	$41	269
District of Columbia	$26	$31	42
Florida	$380	$785	7,054
Georgia	$194	$441	3,818
Hawaii	$42	$80	609
Idaho	$40	$71	718
Illinois	$312	$728	4,870
Indiana	$134	$294	2,381
Iowa	$81	$144	1,293
Kansas	$60	$115	900
Kentucky	$75	$161	1,406
Louisiana	$87	$182	1,518
Maine	$42	$82	834
Maryland	$129	$250	1,758
Massachusetts	$193	$382	2,474
Michigan	$224	$482	4,051
Minnesota	$118	$251	1,957
Mississippi	$47	$94	872
Missouri	$127	$275	2,145
Montana	$39	$73	748
Nebraska	$48	$80	723
Nevada	$58	$109	801
New Hampshire	$39	$78	586
New Jersey	$254	$550	3,468
New Mexico	$37	$71	659
New York	$595	$1,075	7,049
North Carolina	$190	$391	3,665
North Dakota	$22	$38	307
Ohio	$254	$584	4,840
Oklahoma	$70	$150	1,424
Oregon	$117	$241	2,018
Pennsylvania	$330	$781	5,728
Rhode Island	$39	$71	539
South Carolina	$98	$214	2,016
South Dakota	$25	$42	416
Tennessee	$109	$246	2,035
Texas	$427	$1,068	8,210
Utah	$48	$112	1,012
Vermont	$21	$39	384
Virginia	$166	$345	2,645
Washington	$187	$408	3,010
West Virginia	$38	$73	627
Wisconsin	$173	$362	3,036
Wyoming	$17	$29	241
United States	$7,081	$23,944	199,830

Source: National Restaurant Association estimates, with economic and employment impact based on BEA multipliers

Note: State impact figures do not sum to the U.S. total, because they only include inputs within each state

National Retail Federation
The Voice of Retail Worldwide

Submission of the National Retail Federation

to the

Select Revenue Measures Subcommittee

of the

House Ways and Means Committee

Hearing

on

Certain Expiring Tax Provisions

Thursday, April 26, 2012

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The National Retail Federation (NRF) submits the following comments in conjunction with the April 26 Select Revenue Measures Subcommittee hearing on "Certain Expiring Tax Provisions." In particular, the NRF offers comments in support of retroactively extending provisions relating to the 15-year depreciable life for leasehold, retail and restaurant improvements, and the work opportunity tax credit (WOTC).

The NRF strongly supports Chairman Camp's goal of corporate tax reform that broadens the tax base and substantially lowers the corporate tax rate. In the context of fundamental tax reform, we recognize that all so-called "tax expenditures" will be evaluated and may be eliminated in exchange for substantially lower rates in order to provide a more economically efficient tax system. However, tax reform will take some time to accomplish, and until that occurs, it is important to maintain certain tax provisions that help to stimulate investment and jobs. These provisions need to be extended as expeditiously as possible to eliminate business uncertainty that is causing delays in investment and hiring.

As the world's largest retail trade association and the voice of retail worldwide, NRF represents retailers of all types and sizes, including chain restaurants and industry partners, from the United States and more than 45 countries abroad. Retailers operate more than 3.6 million U.S. establishments that support one in four U.S. jobs – 42 million working Americans. Contributing $2.5 trillion to annual GDP, retail is a daily barometer for the nation's economy.

Depreciation of Leasehold, Retail, and Restaurant Improvements

The existing 39-year recovery period for real estate grossly overstates the useful life of structures and, even more so, the improvements made to structures, increasing the cost of capital and slowing down investment. Studies conducted by the Treasury Department[1], Congressional Research Service[2] and private economists[3] all found that the depreciation life for buildings is too long and that the depreciation life for building improvements is even worse. In fact, tax depreciation rules for investment in nonresidential structures may be the only type of investment where tax rules provide for decelerated cost recovery. As a result, current depreciation allowances generate high tax costs for these investments and reduce investment in these projects.

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[1] *Report to the Congress on Depreciation Recovery Periods and Methods*, Washington, D. C.: U.S. Department of the Treasury, July 2000.

[2] Jane G. Gravelle, *Depreciation and the Taxation of Real Estate*, Congressional Research Service, The Library of Congress, Washington, D.C.: May 5, 1999.

[3] See, for example, Deloitte and Touche, LLP., *Analysis of the Economic and Tax Depreciation of Structures*, Washington, D. C., June 2000.

In the retail trade sector of the economy, structures and especially their improvements do not last for 39 years. Retailers generally remodel their stores every five to seven years to reflect changes in customer taste and needs. Remodeling is needed to maintain the retailer's customer base and compete with newer stores. Moreover, many improvements, such as interior partitions, ceiling tiles, restroom accessories, paint, etc., may only last a few years before requiring replacement.

A provision to temporarily reduce the depreciable life of *leasehold* improvements from 39 to 15 years was first included in the American Jobs Creation Act of 2004. Under this provision, improvements made to buildings that are leased were depreciated over 15 years, but improvements made to buildings that are owned still had to be depreciated over 39 years. The 2004 Tax Act also allowed improvements to restaurants to be depreciated over 15 years, regardless of whether the restaurant was leased or owned.

Approximately, half of retail stores are leased and about half are owned by the retailer. For retailers that lease their property, the leasehold improvement provision greatly reduced the cost of improvements to their stores. However, the leasehold improvement provision put retailers that own their stores at a competitive disadvantage because they had to continue to write-off store improvements over a 39-year period. Congress resolved this inequity in 2008, when they expanded the depreciation "extender" to allow qualified retail improvements to be depreciated over 15 years, regardless of whether the retailer owns or leases his store.[4]

The 15-year depreciable life for leasehold, retail and restaurant improvement property and new restaurant construction expired at the end of 2011. Investments that are made now must be written off over 39 years. Because this is such a large increase in the cost of improvements, retailers have slowed down making improvements pending a decision from Congress as to whether these provisions will be extended.

Retailers' remodeling provides many additional jobs to the economy. According to the Bureau of Economic Analysis, every $1 million spent in the construction industry creates more than 28 jobs in the overall economy. If the write-off for the cost of improvements is 39 years, rather than 15, it will have a negative impact on a retailer's decision to go forward with their remodeling plans and will cost jobs.

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[4] Unfortunately, when Congress fixed the inequity in the law regarding the ability of store owners to write-off their improvements over 15 years, they added a new inequity in the law. The new provision makes owners of retail stores ineligible for utilizing bonus depreciation for their improvements, but lessees of retail store space are permitted to use bonus depreciation. Again, this discriminates among businesses in the same industry based on whether the store is leased or owned. Hopefully, this inequity can be resolved as part of the extension of the depreciation provision.

Work Opportunity Tax Credit

The NRF supports extension of the Work Opportunity Tax Credit (WOTC). WOTC is an important employment incentive. In the retail industry it has had proven results encouraging hiring among certain classes of individuals that might otherwise face difficulty in gaining employment. It also provides resources for job training that is so important in bringing these targeted classes into the labor market.

Conclusion

Extension of business tax provisions that encourage investment and employment should not be delayed until policymakers complete work on comprehensive tax reform. Business uncertainty that has resulted from Congressional delay in extending these provisions has led to a slowdown in investment and hiring. While we are hopeful that the tax reform debate results in policy that provides a more efficient tax system, by exchanging lower tax rates for many of the incentives in the current tax code, it is critical that the current tax system provide certainty in the interim.

We respectfully urge this Subcommittee to act expeditiously to extend business tax "extenders," and particularly the 15-year depreciable life for leasehold, retail, and restaurant improvements and new restaurant construction, and WOTC, until tax reform can be enacted.

Testimony of the Honorable Glenn English
Chief Executive Officer (CEO)
National Rural Electric Cooperative Association

Submitted for the Record to the
United States House Committee on Ways and Means
Select Revenue Measures Subcommittee
Hearing on Certain Expiring Tax Provisions

April 26, 2012

Thank you for the opportunity to offer testimony about how electric cooperatives have utilized expired and expiring renewable electricity tax incentives to develop projects that help keep electricity reliable and affordable for their consumers.

Electric cooperatives and their consumers have, since 2005, utilized the Clean Renewable Energy Bond program (CREBs) to finance renewable projects. Recently, some cooperatives that could not use CREBs have indirectly benefited from the 1603 Treasury Grant Program (TGP). In addition, electric cooperatives have purchased renewable power on contract from private developers claiming the Production Tax Credit (PTC), since the mid-1990s. Co-op experiences with all three of these programs can guide this Committee as it decides the future of renewable incentive policy.

A key principle that should be considered in the context of determing whether energy credits will be permitted to expire is this: if Congress uses the tax code to direct energy policy, not-for-profit electric cooperatives should be included in any available incentives, such as through the recently expired 1603 Treasury Grant Program or Clean Renewable Energy Bond. Otherwise, the tax code will create a disparity. Co-op consumers in rural America will be unable to fully enjoy the diverse mix of generation resources available in areas co-ops serve, while consumers of investor-owned utilities will benefit from incentives. Moreover, without incentives adapted for not-for-profits, meeting state and federal renewable and environmental mandates will be more costly for members of tax exempt rural electric cooperatives than for consumers of investor-owned utilities (IOUs).

Background on Electric Cooperatives

The National Rural Electric Cooperative Association (NRECA) is the national service organization representing the interests of cooperative electric utilities and their consumers. Electric cooperatives are not-for-profit, private businesses governed by their consumers. These consumers are unique in the electric industry in that they are members of their cooperative ("member-consumers") and therefore own their utility. Today, over 900 electric cooperatives serve 42 million consumers in 47 states. Cooperatives are a unique sector of the electric utility industry, serving an average of just 7 consumers per mile compared with the 35 customers per mile served by investor-owned utilities (IOUs) and 47 customers per mile served by municipal utilities.

To put this in perspective, electric cooperatives serve 12% of the nation's electricity customers -- but maintain 42% of the nation's electricity distribution lines. Annual cooperative revenue per mile averages only $10,565, while it is more than six times higher for investor-owned utilities, at $62,665 and higher still for municipal utilities, at $86,302 per mile. In summary, cooperatives have far less revenue than the other electricity sectors to support a greater share of the distribution infrastructure.

These numbers illustrate why bringing power to rural areas is a challenging and costly endeavor. The not-for-profit, cooperative business model has been the key to delivering reliable and affordable power to these low density areas. Consistent with Internal Revenue Service requirements, electric cooperatives are democratically governed by locally elected boards of directors, and operate at cost. Any revenue collected above what is needed for the cooperative is returned to all consumer-members on an equitable basis. Benefits received from the federal government, therefore, also flow to the cooperative's members. Given this, electric cooperatives are generally exempt from federal income tax. All electric cooperatives, however, pay state and local property taxes, sales tax and payroll and excise taxes.

Does Renewable Electricity Require Incentives?

Electric cooperatives have a mission to provide reliable, affordable electricity to their consumer-members. Co-ops must balance that mission with compliance with state renewable portfolio mandates and state and federal clean air law. As such, co-ops must consider all available electricity sources to meet new electricity demand. Cooperatives are planning to build 12,800 MW of new electric generation over the next decade, and will have to buy additional generation in the market to meet an annual population growth rate exceeding 1 percent per year in their service territories. These figures do not take into account additional power needed to replace older coal plants that will soon be retired given recent and prospective Environmental Protection Agency (EPA) regulations.

According to the Energy Information Agency (EIA), renewable electricity (excluding renewable hydropower) accounts for 4% of the nation's fuel mix – about double the percentage of renewable energy in the mix prior to the expansion of tax incentives under the Energy Policy Act of 2005. Renewable electricity is generally thought of as distributed generation and is much smaller in scale than a new coal or gas plant. In the case of solar and wind, it is only intermittently available. For these reasons, it cannot replace retired coal plants. Nonetheless, renewable resources are an important part of the "mix" for building the generation necessary to meet future electricity demand while mitigating global greenhouse gas emissions and traditional pollutants that result from fossil fuel generation. This is increasingly important as the Environmental Protection Agency develops more strict standards for power plants.

Given its importance to balancing environmental goals within our nation's fuel mix, some ask why renewable electricity should require a tax incentive or incentive of any kind. For cooperatives, the answer is that renewable electricity will only be developed if it can be done so affordably for consumers. Today, without incentives, renewable electricity is unaffordable compared to natural gas-fired generation. In November 2010, U.S. Energy Information Administration estimated that the overnight capital cost of an advanced natural gas combined cycle plant is $1,003 per kW of capacity. Not counting current tax subsidies, by way of comparison, an onshore wind project is the most affordable renewable resources at overnight capital costs of $2438 per kW. For other renewables, the cost is even greater. For example, a large solar photovoltaic is $4755 per kW; and a combined cycle biomass plant is $7894 per kW. Although existing tax credits have driven investments in renewable resources, the mission of making the cost of renewable technology comparable to the cost of conventional resources has not yet been completed.

Despite its value in providing a balanced generation profile for utilities, absent incentives, the pace of placing renewable energy in service is likely to slow to a trickle. Yet putting future generation into one basket – likely, natural gas – is risky due to volatile prices. For example, in May of 2008, natural gas prices were $12.41 per thousand cubic feet (TCF). Today, prices are hovering around $5 TCF. The new, lower prices are a result of both the recession and newly discovered domestic gas reserves. However, past experience teaches us that gas is a volatile price input for fuel as home heating, transportation and electricity sectors all may rely on gas. Moreover, utilizing natural gas does not avoid greenhouse gas emissions.

Some argue that mandates are sufficient to drive renewable energy. Thirty-seven states currently have renewable mandates or goals, and 20 of those include cooperatives in these programs. Without tax or other incentives, there will be no tools available to help co-ops meet those goals affordably. The cost of renewable resources will exceed the cost of paying a penalty to the State for failing to build them. Exacerbating this result, many state mandates ultimately require resource development that simply is not achievable given transmission constraints and the quality or availability of renewable resources. These mandates quickly convert to a pure tax on consumers when penalty payments are paid in lieu of actual resource development. For those reasons, NRECA has opposed one-size-fits-all federal renewable portfolio standard and has consistently advocated that the best way to push the envelope on technology remains incentives – whether those incentives are in the tax code, in the form of grants, or through low-cost loan programs.

Experience with the CREB Program

The Clean Renewable Energy Bond (CREB) program was enacted in the 2005 Energy Policy Act with strong bipartisan support, but its funding was permitted to lapse in 2010. It helped cooperatives and other not-for-profits to finance renewable generation projects that would have been eligible for the Production Tax Credit if developed by a for-profit. The bond started as, essentially, a zero interest, term-limited loan. A cooperative would issue a bond; the bondholder would receive principal repayment from the cooperative;

and the Federal Treasury would provide a tax credit to the bondholder in lieu of interest the cooperative would otherwise have paid.

A volume cap of $800 million in bonding authority was initially provided with $300 million set aside for electric cooperatives. The volume cap posed a problem for the program. Treasury received $2.5 billion in applications overall in the first year. While an additional $400 million (with $150 million set aside for electric cooperatives) was provided under the Tax Relief and Health Care Act of 2006, applications still exceeded available funding authorizations.

By contrast, there is no volume cap for the Production Tax Credit, the Investment Tax Credit or the tax grant provided under the American Recovery and Reinvestment Act of 2009 ("stimulus bill"). Attempting to address this disparity through meaningful program funding, the stimulus bill, combined with the Emergency Economic Stabilization Act of 2008 ("economic rescue bill"), added $2.4 billion in bonding authority to the CREBs program, divided equally between electric cooperatives, municipal utilities and non-utility government bodies. These bills also made a series of improvements to the program to make the bonds more marketable, such as the ability to strip the bond from the tax credit and sell them separately, and provided for a 70%/30% shared interest cost between the issuer and the Treasury.

In 2009 and 2010, electric cooperatives received over $600 million in CREBs awards through bond authorizations that were set asides in the two bills. Despite the promise of significant new funding, the program hit a major snag -- the economic downturn. The market for tax credits nearly collapsed. Potential CREBs buyers were demanding significant additional interest from issuers on top of the face value of the bond – an effective interest rate of 8.5%! So, CREBs had already been allocated to projects that were ready to move forward. But the bonds could not be issued, and the projects – and related jobs – were at a standstill.

To rescue these projects, the Committee made a critical improvement to the program in H.R. 2847, the "Hiring Incentives to Restore Employment Act." This new law established a "direct payment" option that allows CREB issuers, such as cooperatives, to receive a direct payment from Treasury designed to reimburse the co-op for 70% of the projected interest cost on these bonds. This option rescued the program from the negative impact of the recession on the market for tax credits, and assured that renewable projects could move forward. Under the conditions that continue to suppress tax appetite in the bond markets, the "direct pay" feature remains an important aspect of the program.

To sum up cooperatives' success with the program, 210 MW of cooperative renewable power is currently in service financed through CREBs, with another 250 MW poised to come on line under the program. The projects are distributed across 18 states and include solar, wind, geothermal, hydropower, biomass and landfill gas technologies. The map labeled "Attachment A" provides more detail on the projects. Each CREB project merits mention as a success story. The projects are the result of balancing clean energy objectives with the conservative approach imposed by local cooperative Boards of

Directors. The Boards emphasize long-term planning, continued affordable rates and prudent use of utility resources. Electric cooperative projects are not built to impress stockholders or follow a trend, but instead, provide affordable, clean, renewable power benefits to local consumers.

Experience with the Production Tax Credit and 1603 Treasury Grant Program

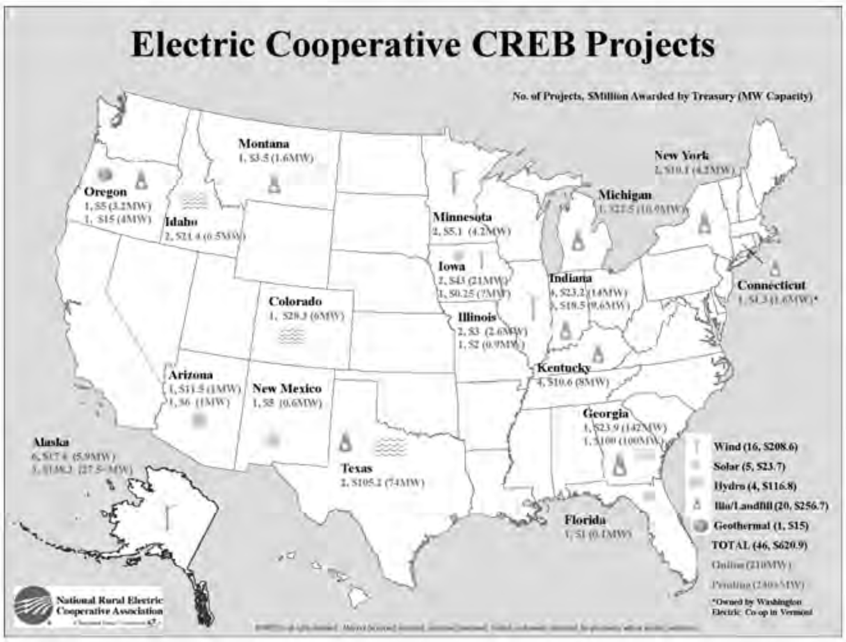
The CREB program is a story of coop ownership of renewable projects. Direct project ownership is the best way for cooperatives to reserve environmental and compliance benefits for their own consumers. Cooperatives also buy a substantial quantity of renewable energy from the market. Overall, cooperatives distribute over 3900 MW of renewable capacity (not counting hydropower). Twenty percent of this is owned by the cooperative, while eighty percent of this capacity is generated by taxpaying entities and then contractually purchased by cooperatives. These sellers are themselves the recipients of the Production Tax Credit (PTC) or, in the case of solar, the Investment Tax Credit (ITC). Cooperatives do not have federal tax liability and therefore cannot use the PTC – but nonetheless, their consumers can benefit indirectly from entities that do. The PTC has never been a complete solution for cooperatives, as the entire value of the PTC is only partially flowed through to the cooperative on contract. So, the PTC does not provide cooperatives with cost-certainty and more importantly, does not enable electric cooperatives to own and develop their own resources. It has been a valuable underpinning in the marketplace for renewable energy for the past decade, although it has suffered some of the same impacts from the recession that hit the CREBs program – a lack of tax appetite for tax credits.

The PTC expansion under the "stimulus bill" created an option to take an Investment Tax Credit -- and then convert the ITC to a tax grant under the "1603 Treasury Grant Program." This mechanism was designed to address the tax appetite barrier affecting the PTC. Under the 1603 Treasury Grant Program (TGP), a renewable developer can receive a grant from Treasury covering 30% of the project's capital costs once it is placed in service. Cooperatives were not included in this program directly, but it has brought cooperatives an opportunity that is proving to be more useful than the PTC. Some cooperatives have formed structures that enable them to indirectly utilize the TGP and own and develop renewable projects. It has been the driver for several significant cooperative renewable projects currently underway.

Conclusion

Whether indirectly through the PTC and 1603 Treasury Grant Program - or directly through CREBs - nearly 100% of the renewable projects that benefit electric cooperative consumers are attributable to tax code incentive programs. Without incentives, development of such renewable projects will grind to a halt. The Committee has important considerations to weigh as they carefully review extensions of expiring credits. Renewable energy development will not "make or break" electric cooperatives as entities, but will shape the extent to which cooperatives rely upon natural gas or other resources in their generation mix, their ability to optimize local resources, and the extent to which cooperative consumers are exposed to environmental compliance costs. Should Congress choose to extend tax incentives like the PTC to drive down the cost of renewable technologies, we urge Congress to also extend programs -- such as Clean Renewable Energy Bonds or the 1603 Treasury Grant Program -- that benefit not-for-profit cooperative consumers.

Attachment A



Contact Information for Testimony by the Honorable Glenn English

Chief Executive Office, National Rural Electric Cooperative Association

Hearing on Certain Expiring Tax Provisions

April 26, 2012

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The National Treasury Employees Union

Statement of Colleen M. Kelley

National President

National Treasury Employees Union

On

"Extension of Employer Provided Mass Transit Benefit"

Submitted to

House Ways and Means Subcommittee on Select Revenue Measures

April 26, 2012

1750 H Street, N.W. • Washington, D.C. 20006 • (202) 572-5500

Chairman Tiberi, Ranking Member Neal, and distinguished members of the subcommittee, on behalf of the National Treasury Employees Union (NTEU), I would like to thank you for allowing me to submit comments on expiring tax provisions, and in particular, the importance of extending the employer provided mass transit benefit.

As you know, in 2010, as part of the "Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010," Congress included a provision that kept the mass transit portion of the commuter benefit at $230 per month for 2011, preventing a reduction to $125 per month, and keeping it equal to the parking tax benefit. Unfortunately, because Congress did not again extend the transit benefit before it expired at the end of 2011, the monthly maximum transit amount was reduced to $125 per month on January 1, 2012.

In the meantime, the monthly limit for the parking portion of the commuter benefit was increased from $230 per month to $240 per month due to an automatic cost of living increase, further exacerbating the disparity between the transit and parking benefits.

NTEU believes it is critical that Congress quickly act to reinstate parity between the transit and parking portions of the commuter benefit. Many working people that use public transportation to get to and from work, rely on the transit benefit which has provided much needed relief in their commuting costs. Many of these workers are struggling in the current economic climate, and a reduction in these benefits is imposing a severe financial burden on them.

Reinstating the monthly transit subsidy to a level equal to the parking benefit also encourages greater transit ridership, which helps lessen congestion on roadways, reduces pollution and conserves energy. Furthermore, it certainly makes no sense for the government to provide workers using environmentally helpful mass transit a lesser benefit than those driving and parking personal vehicles.

In addition to providing economic relief to workers and positively impacting the environment, extending the mass transit benefit also provides tax relief for the employers that offer the benefit. Because the mass transit is a pre-tax benefit, employers do not have to pay payroll taxes on it, providing savings which can be reinvested in the company. It is estimated that in 2010, employers saved over $300 million by offering this critical benefit to their employees.

Mr. Chairman and distinguished members of the subcommittee, NTEU asks that as Congress considers a tax extenders package, you include an extension of the mass transit benefit that will restore parity with the parking portion of the commuter benefit, allow working families to save money on their daily commute, reduce traffic congestion, and improve air quality.

We would also ask for your support for stand-alone bipartisan legislation H.R. 2412 introduced by Rep. McGovern, the "Commuter Benefits Equity Act of 2011," which would permanently establish parity between the parking and mass transit portions of the transportation fringe benefit. The bill currently has 74 co-sponsors, including several members of the subcommittee.

NTEU appreciates the opportunity to provide comments on the importance of extending the mass transit benefit, and stands ready to do all it can to ensure this critical benefit for workers and employers is extended in the near future.

Statement of Neill Gibson

RE: Hearing on Certain Expiring Tax Provisions

I, Neill Gibson, COO of Focused Attention, Inc. in Encinitas, CA, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Neill Gibson

Focused Attention, Inc.

Neill@FocusedAttention.com

1-858-736-9090

Statement of Neil Milani

United States House Ways and Means Committee -

I Neil Milani, Wind Turbine Controls Engineer, Greenville, SC respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen many wind farms near very rural areas revitalize their local communities – bringing in construction jobs at first, then maintenance jobs in the long term and generating revenue for their community schools and hospitals over the lifetime of the project.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

Renewing the PTC is an excellent way to continue to increase US manufacturing, continue to provide many jobs – from commissioning to generating to operations and maintenance for many years – and continue to develop renewable energy sources.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Regards,
Neil Milani
400 West Faris Road
Greenville, SC 29605

NEW MARKETS TAX CREDIT COALITION

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Statement Submitted for the Record of April 26, 2012
House Ways and Means Select Revenue Measures Subcommittee
Hearing on Certain Expiring Tax Provisions

Submitted by Robert A. Rapoza
on behalf of
The New Markets Tax Credit Coalition
1331 G Street NW
10th Floor
Washington, DC 20005

Chairman Tiberi and Ranking Member Neal, I thank you for this opportunity to submit testimony on behalf of the New Markets Tax Credit Coalition. The New Markets Tax Credit Coalition ("The Coalition") is a national membership organization representing Community Development Entities (CDEs), investors, businesses, and community leaders who have joined forced to advocate in support of the New Markets Tax Credit. The Coalition was first organized in 1998 with the goal of crafting a federal tax credit that could do for community and economic development what the Low Income Housing Tax Credit had done to house low income families – in effect, driving capital to underserved regions or projects that met certain societal goals, in this case, economic development.

The Coalition's testimony is designed to deliver a very clear message: the New Markets Tax Credit (NMTC), which expired on December 31, 2011, has proven to be a vital and cost effective community development tool and it must be extended.

While it is imperative that Congress extend the NMTC through 2012 with no less than $3.5 billion in allocation authority, we strongly encourage Congress to consider providing a longer term extension of the NMTC to maximize certainty and efficiency in the market. We would also suggest increasing the annual NMTC allocation authority to at least $5 billion in response to consistently strong demand for NMTC financing. The New Markets Tax Credit Extension Act of 2011 (H.R. 2655) addresses both of these issues and should be considered as part of the tax extender discussion.

History of the NMTC

The NMTC was authorized in the Community Renewal Tax Relief Act of 2000 (PL 106-554) and was the result of a collaboration between a Democratic President – Bill Clinton – and Republican Speaker of the House – Dennis Hastert. However, the real inspiration for the legislation came from former Housing and Urban Development Secretary and Republican Congressman Jack Kemp, who argued for greater incentives to promote private sector investment in community revitalization efforts.

Rather than employing the federal grant-in-aid model, President Clinton and Speaker Hastert worked off the Kemp playbook and put together a legislative package that included $25 billion in new federal authority almost exclusively aimed at using tax incentives to encourage private investment in economically distressed communities. Among these targeted tax incentives: the New Markets Tax Credit.

The NMTC provides a modest federal incentive – a credit against tax liability – to encourage private investment in businesses and economic development initiatives located in low income urban and rural communities. NMTC investments are targeted to economically distressed communities that lack access to the patient investment capital that is needed to support and grow businesses, create and maintain jobs, and generate economic development.

In order to deliver capital to these targeted "new markets", the statute created a new category of investment intermediary, Community Development Entities (CDEs). CDEs are the investment vehicle for the NMTC. In exchange for the NMTC, a taxpayer makes a qualified equity investment (QEI) in a CDE. The investor claims a 39 percent tax credit on the investment over seven years, including five percent annually for the first three years and six percent in years four through seven.

The NMTC: What Have We Have Leaned

The NMTC has a track record of success and there is substantial evidence that the Credit has encouraged private sector investment in economically distressed urban and rural communities and generated financing for a wide range of businesses and community revitalization efforts that have helped jump start local economies and created jobs.

Here are a few of measurable impacts of the NMTC:

- Since the first NMTC allocations were awarded in 2003 through 2011, more than $26 billion in investments have been made in low income communities as a direct result of the NMTC;
- According to a 2007 Government Accountability Office (GAO) Report, 88% of the NMTC investors surveyed indicated they would not have made the investment without the incentive of the NMTC. Almost 66% of the investors reported an increase in their investment activity in low income communities because of the NMTC;
- In 2010 alone, according to data from the Treasury Department's CDFI Fund, investments in NMTC businesses totaled $9.5 billion, of which 50% was generated from sources other than the NMTC direct investments. These investments created almost 70,000 jobs including 38,000 construction jobs – all benefitting low income communities; and
- The NMTC has become a vital source of capital for businesses at a time when credit is difficult to secure and the demand for the NMTC continues to grow. Since the first NMTC allocations were awarded in 2003, overall demand for NMTC allocations has exceeded the amount available by over $190 billion.

The NMTC: A Cost Effective Investment

The cost effectiveness of the NMTC is something that we urge you to consider as you look at the tax extenders. By any measure, the NMTC provides a substantial return on the federal investment.

The total cost of one dollar in NMTC investment to the Federal government, as measured by foregone tax revenues, is approximately 26 cents.

What does this mean?

- Using 2010 as an example, NMTC investments totaled $4.7 billion. The cost to the government of that $4.7 billion in NMTC investments is $1.21 billion. The return to the government included 68,000 jobs at a cost of $17,800 per job.
- It is also important to note that in return for $1.21 billion, there was a total of $9.5 billion in projects financed in communities. Every dollar of revenue forgone by the federal government on NMTC resulted in $8 in private investment in communities.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended NMTC for 2010 and 2011 with $3.5 billion in annual credit authority. According to the Joint Tax Committee, the 10 year revenue estimate associated with that credit authority totaled $1.81 billion, or 25.8%.

The NMTC at Work in Communities

The NMTC is a targeted tax credit. Congress authorized the NMTC with the clear intent of spurring investment into low income communities. The NMTC statute and IRS regulations require that NMTC investments benefit businesses located in low income communities defined as: census tracts with poverty rates of at least 20% or where median incomes do not exceed 80% of the area median.

And yet, CDEs continue to invest in communities with economic distress criteria that exceed what is required by law. In fact, 72% of the NMTC investments made in 2010 were made in communities with poverty rates of 30% or greater, where incomes did not exceed 60% of area median, and where unemployment rates were 150% of the national average. More than $4.7 billion was invested in businesses in communities where incomes were less than 60% of area median, helping to spur job creation and good paying employment opportunities. More than $3.9 billion was invested in businesses located in communities where poverty rates exceed 30%. Over $1 billion went to non-metro communities. Twenty-three percent of NMTC financing, or more than $1 billion, was invested in businesses located in communities that exhibit all three of the above high distress criteria.

Examples of NMTC financed projects and businesses include: a supermarket in Columbus, Ohio as well as a small market in Northampton, Massachusetts; a health center in rural Louisiana as well as a community health center in downtown Harlem; a manufacturer of solar energy technology products in New Mexico and sustainable working forest projects in both Maine and West Virginia; a newspaper publisher in Reading, Pennsylvania and a pharmacy on the Flathead Indian reservation in Montana.

H.R. 2655, the New Markets Tax Credit Extension Act

The New Markets Tax Credit Extension Act of 2011 (H.R. 2655) was introduced by Congressman Gerlach and is currently co-sponsored by 63 Representatives including 13 members of the Ways and Means Committee. The legislation would extend the NMTC for 5 years, from 2012 through 2016, and provide $5 billion in annual NMTC allocation authority. In addition, H.R. 2655 would provide Alternative Minimum Tax (AMT) exemption for NMTC investments.

Long term extensions of tax policy provide businesses with much needed certainty. For the NMTC specifically, we have found that longer extensions boost the credit's efficiency and effectiveness.

We witnessed this boost after Congress extended the NMTC for two years (2010 and 2011). This was the first multi-year extension since the original seven-year NMTC authorization and it provided investors with a greater level of certainty, resulting in a surge of investment. In 2011, the second year of that extension, CDEs generated $5.7 billion in NMTC investments, the most QEI activity the NMTC market has ever seen. In just two years, between 2009 and 2011, NMTC investment increased by a remarkable 67%. We believe this surge in investment activity was not an accident. Rather, it was in response to the market certainty created by a two year extension.

The 2007 GAO report cited earlier in this testimony indicated that the NMTC was a factor, if not the principal factor, considered by investors when evaluating certain investment opportunities in low income communities. If there were more certainty regarding the availability of the NMTC from year to year, investor interest would increase. Without a near term extension, investor interest will surely diminish, capital will go elsewhere, and the efficiencies achieved in the NMTC market will be lost.

The Coalition also strongly encourages Congress to consider increasing the annual NMTC credit authority to $5 billion, the level proposed in the New Markets Tax Credit Extension Act. Demand for NMTC allocations consistently outweighs available NMTC allocations. Since the first NMTC allocations were awarded in 2003, CDEs applicants have requested more than $225 billion in allocations while a total of $33 billion in Credit authority has been available.

While billions of dollars have flowed to communities traditionally left out of the economic mainstream, the sky-high demand for NMTC authority calls for a larger annual allocation.

Based on what we know, if Congress increases the NMTC to $5 billion in annual Credit authority, we will see more than $10 billion per year in additional investment in distressed communities and the creation or retention of at least 70,000 jobs at a ten year cost to the government of $1.29 billion.
And finally, the New Markets Tax Credit Extension Act would provide AMT relief to NMTC investors, thereby bringing the Credit in parity with other AMT-exempt credits like the Low Income Housing Tax Credit and the Historic Tax Credit. Without this modification, the NMTC will continue to be at a disadvantage in the investor marketplace. In addition, providing AMT relief for the NMTC would encourage new investors – including community banks currently restrained by AMT – to enter the market. We would see a broadening of the NMTC investor base, increased competition and efficiency, better pricing, and more subsidies going to qualified businesses.

In closing, the Coalition was pleased to hear so many Members of Congress, including several of your distinguished colleagues on the Ways and Means Committee, voice support for the NMTC during their testimony before the Select Revenue Subcommittee on April 26th. I trust you will continue to hear from NMTC supporters from both sides of the aisle who have seen the impact of NMTC investments in their home districts in the form of growing businesses, new jobs, and community revitalization projects.

Attachments: Two case studies and the New Markets Tax Credit Board of Directors.

OHIO BASIC MINERALS, JACKSON, OH
CDE: Finance Fund

Southern Ohio's rural Jackson County is known for picturesque views of the Appalachian foothills and warm, hospitable people. The region is home to several manufacturing companies that utilize Jackson's abundant natural resources, wealth of skilled workers and low transportation costs. However, in today's rocky economy, small businesses need TLC to continue to grow and flourish. Ohio Basic Minerals (OBM) saw a chance to nourish and revitalize Schrader & Son Sand and Gravel, a small Jackson family-owned recreational sand and gravel plant, and to chip into a gold mine of potential in an adjacent silica sand quarry. This would enable the company to increase its product offerings, expand to several new industries, reach more customers and bring more jobs and income to Jackson. However, In order to begin producing large quantities of silica products, the plant required expansion.

To make this expansion a reality, the OBM management team began looking for finance partners. Through a referral from Huntington Bank, Kevin Struzeski, CFO of OBM, met with Finance Fund. An initial interim loan of $1.7 million through Finance Fund's Capital Corporation was provided. Several months later this loan was refinanced, and increased to $2.45 million through Finance Fund's New Markets Tax Credit Program. The $750,000 increase in funding allowed for the purchase of additional machinery and equipment.

The expansion of the Jackson plant became a reality when construction began in January 2009. A large-scale industrial sand dryer was erected, enabling OBM to produce dry silica sand and gravel. Bagging equipment and a screen tower building were also added and two warehouse buildings were refurbished. The project is still in progress, with more upgrades being added, but OBM has been functional since September 2009 – a mere nine months since construction began.

The $6.7 million project employed close to 35 contracted workers. OBM has retained seven invaluable Schrader & Son employees and plans to add at least 30 jobs over the next three years. Expanding the plant's capabilities to extract and dry silica sand and gravel products has made it possible for OBM to reach an array of new markets and increase profits significantly. Jackson's old Schrader & Son facility is now newer, larger, faster and more robust. As a result, job growth and income are steadily returning to the industrial town.

Finance Fund Provided:

- **An initial loan of $1.7 million**, subsequently refinanced and increased by **$750,000** for a **total amount of $2.45 million.**
- Entire project cost about $6.7 million. Finance Fund provided funds for more than **35% of the project.**

Project Results:

- Close to **35 jobs were created** for the complex renovation.
- 7 **in-house jobs were maintained.**
- **30+ jobs will be created** in the next three years.

RIVER VALLEY MARKET, Northampton, MA
CDE: Coastal Enterprises

River Valley Market (RVM) in Northampton, Massachusetts is a new community member-owned and operated food market, which will also serve the surrounding Pioneer Valley towns. RVM's mission is to provide a just marketplace nurturing a local, living economy through cooperation. The cooperative (co-op) will specialize in fresh local organic foods and exceptional customer service. As a democratically owned organization, the co-op will empower member-owners to meet their mutual needs while building a more secure system of sustainable agricultural development in the Connecticut River Valley.

New Markets Tax Credits (NMTCs), along with a $400,000 grant from the Massachusetts Technology Collaborative for its green business plan, allowed the 10-year old co-op to build their first retail facility, a 17,000 square foot silver LEEDS certified green-designed building. The project is awash in eco-friendly features, including the addition of solar panels, high-efficiency electric lights that automatically dim to adjust for natural lighting, and a system that utilizes the waste heat from refrigeration to heat hot water.

The Market opened its doors on April 30, 2008, and by June 30th had hired 81 new staff. Within its first year of operation, more than 1,100 new household joined as member-owners, bring their total to over 3,750.

In RVM's first five months in operation, their regional food purchases totaled over $1 million including over $300,000 from area farmers and over $700,000 from other small local and regional businesses comprising nearly 50% of their overall food and grocery purchases. Over the same time period, RVM either recycled or composted over 35 tons or 78.41% of their total waste.

This project was a true community effort, bringing together Morgan Stanley and TransCapital as equity investors, and Bank of Western Massachusetts, Cooperative Fund of New England, Western Massachusetts Enterprise Fund, Local Enterprise Assistance Fund, NCB Capital Impact and Northampton Community Cooperative Market as lenders. CEI Capital Management (CCML) provided $7.4 in NMTCs for this deal, which closed February 9, 2007.

Key Benefits:

- Promotes local agriculture and fair trade with local growers.
- Supports a network of independent local coops.
- Has created 81 new jobs with good pay and benefits.
- Commitment to hire locally from a large Latino population and offer free ESOL training
- Facility is Silver LEED certified.
- 5% of power from solar panels.

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202-204-4500•fax: 202-393-3034•www.nmtccoalition.org

1331 G Street, NW, 10th Floor, Washington, DC 20005
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Statement of New Progressive Alliance

Name: Ed Griffith

Organization: New Progressive Alliance

Address: 215 Piedmont Ave. NE #1106

Atlanta, GA 30308-3335

Phone Number: 404-254-2796

Contact E-mail address: eh.griffith@yahoo.com

Title of Hearing: Hearing on Certain Expiring Tax Provisions

The New Progressive Alliance respectfully urge Congress to extend the wind energy production tax credit (PTC) and make it as permanent as the fossil fuel subsidies. The PTC resulted in billions of dollars in private investment in homegrown American wind power each year. This in turn brings in construction jobs immediately, maintenance jobs in the long term, and generates revenue for our community schools and hospitals over the lifetime of the project. This in turn helps our national security and economic competitiveness. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

In the past – unlike fossil fuel subsidies, tax credits, grants, guaranteed loans, and free clean ups – wind energy PTCs have been allowed to periodically expire with the predictable result of less wind energy. Denmark – a country scarcely bigger than metro Atlanta – produces 25% wind energy and is on track to produce 50% wind energy by 2020. The difference is public policy, not lack of technical expertise in the United States.

The New Progressive Alliance urges the committee to take up a permanent extension of the wind energy production tax credit right away.

Written Comments for the Record in Support of the Production Tax Credit for Wind Energy Facilities

Hearing on Expiring Tax Provisions

House Ways and Means Subcommittee on Select Revenue Measures

April 26, 2012

Comments submitted by:

Jim Robo
President and Chief Operating Officer
NextEra Energy, Inc.

Chairman Camp, Ranking Member Levin, Select Revenue Measures Chairman Tiberi, Ranking Member Neal and esteemed members of the United States House Ways and Means Committee:

I am President and Chief Operating Officer of NextEra Energy, Inc. We are a leading clean-energy company with revenues of more than $15 billion, more than 41,000 megawatts of generating capacity and approximately 15,000 employees in 24 states and Canada as of year-end 2011. NextEra Energy has the second largest fleet of power plants in the nation, capable of producing the electricity needed to power more than 17 million homes. Over the last five years, we have invested more than $27 billion in capital projects focused on building America's clean energy infrastructure. These projects have created thousands of jobs, and improved our ability to generate electricity from domestic sources of fuel both of which are key ingredients for the United States' economic growth and prosperity.

NextEra Energy has two major subsidiaries: Florida Power & Light Company (FPL) and NextEra Energy Resources, LLC.

FPL is one of the country's largest electric utilities, serving 4.6 million customer accounts across half of the state of Florida. FPL's electric bill for the typical residential customer is the lowest among Florida's 55 electric utilities and about 25 percent lower than the national average. Lower electricity prices foster business creation and growth, and also provide our customers with greater discretionary income to invest, or to spend on other goods and services. FPL delivers power that is not only affordable, but very reliable. FPL ranks number one in service reliability among investor-owned utilities in Florida, and one of the best among all utilities in the nation.

NextEra Energy Resources is our competitive energy generation business operating in 22 states and Canada as of year-end 2011. In total, NextEra Energy Resource's generation portfolio would rank as a top 15 United States utility in its own right.

NextEra Energy has a very clear philosophy. We believe an energy company can be low cost and clean at the same time. And our actions prove it. NextEra Energy is the prototype "all of the above" energy company, developing a diverse array of generation technologies and fuels that are clean, efficient and produced in the United States.

Specifically, NextEra Energy has done the following to help the United States pursue an "all of the above" energy strategy:

First, at FPL, over the three-year period from 2011 through 2013, we will invest approximately $10 billion in our home state of Florida. This investment will strengthen and improve our electric generation and delivery system, and improve our industry-leading reliability - all while helping to keep customer bills low over the long term.

FPL's investments in new clean generation infrastructure also reduce our dependence on foreign oil. In 2001, we burned more than 40 million barrels of fuel oil – almost all of it imported from overseas – to generate electricity. This year, we are projecting that we will burn less than 600,000 barrels. That is a reduction of more than 98 percent in just 10 years, which is a tremendous benefit to our customers when the price of oil is once again nearly $100 a barrel.

Second, we are expanding our use of nuclear energy. We are big believers in safe, reliable zero-emission nuclear power. In fact, we have the third-largest nuclear fleet in the United States. We are currently investing more than $3.5 billion to increase the amount of power generated at our nuclear sites in Florida and Wisconsin, adding approximately 650 megawatts of clean, reliable generation and investing heavily in local communities.

Third, at NextEra Energy Resources we are building more renewable energy facilities; we are currently working on our largest-ever backlog of projects. We are the United States' clean energy leader, the nation's largest generator of renewable electricity.

NextEra Energy Resources' wind fleet includes approximately 85 wind farms in 17 states and Canada generating over 8,500 megawatts of wind energy. This is over 50 percent of NextEra Energy Resources' overall generation capacity as of year-end 2011, and enough wind energy to power over 2 million homes. NextEra Energy Resources plans to invest approximately $2.5 billion on new 2012 wind generation in the United States.

As for solar power, our fleet includes facilities in New Jersey, New Mexico and California as well as an additional $3.4 billion in projects under construction in California and Spain. We currently operate about 315 megawatts of solar, and plan to have an additional 850-950 megawatts of solar online by 2016. We were the first company to bring commercial-scale solar power to Florida, and we can now generate up to 110 megawatts of solar power in the Sunshine State.

We commend the Committee's focus on expiring tax provisions. We agree that America's tax code needs reform.

High corporate tax rates place American firms at a competitive disadvantage compared to those from most other industrialized nations, and the complexity of our tax structure imposes high costs of compliance as well. Moreover, the temporary nature of many tax provisions creates additional uncertainty for job creators, especially for those of us in capital-intensive industries that realize returns over many years or even decades.

While Congress considers options to make America's tax code more competitive, current tax policy that encourages private investment in American manufacturing jobs should continue. A prime example of this tax policy is the Production Tax Credit (PTC) for wind energy. The PTC does not enable the federal government to choose which companies prosper, but rather creates a market in which smart investments and sound operations can be successful, and in which American consumers reap the benefits associated with a diversified energy portfolio. Moreover, the PTC is an effective policy because it is doing what it was designed to do: promote technology innovation that has helped to reduce the cost of wind for consumers. According to the Lawrence Berkley National Lab and the National Renewable Energy Lab, due to technology advancement across the industry, the cost of wind has dropped nearly 40% over the last 10 years.

Thanks in large part to the incentive offered by the PTC over the past five years, the American Wind Energy Association estimates that private industry has invested an average of more than $15 billion annually in the United States wind industry while directly employing 75,000 skilled workers. The 38,000 wind turbines in operation today across the United States can power more than 12 million homes. Over the last four years, wind energy accounted for more than 35 percent of all additions to our nation's electricity supply. In 2011 alone, American wind capacity grew by 17 percent.

The American wind energy industry is a classic success story – creating a domestic manufacturing base and promoting national energy security. However, the withdrawal of federal policy supporting wind will derail this critical progress.

When the PTC lapsed in the past, wind development came to a crashing halt. The Energy Information Administration has already predicted a dramatic drop in wind generation in 2013. Equally important is the loss of domestic manufacturing jobs that will occur, absent an expedient extension of the PTC. There are currently over 450 wind-related manufacturing facilities scattered across the United States supporting 37,000 U.S. manufacturing jobs, which now, are at risk. The expiration of the PTC will devastate tens of thousands of manufacturing jobs at facilities throughout the United States. Simply put, a PTC extension in 2012 will determine whether wind development and related manufacturing continues in our nation in the future.

Supporting both the domestic production of energy and maintaining the diversity of electricity supply is good public policy that not only promotes a domestic manufacturing base, but encourages billions in capital investment and improves our national security. This is sound policy that has been embraced throughout history.

One hundred years ago, Winston Churchill explained the importance of diversity in oil supply to the British Empire by saying, "On no one quality, on no one process ... must we be dependent. Safety and certainty in oil lie in variety and variety alone." If you substitute "electricity" for "oil," you have the foundation of a sound energy policy for the United States.

Today we must fashion public policy to bring about a greater diversity of electricity supply. Reforming the tax code and extending the Production Tax Credit for wind energy are two important steps in the right direction.

Chairman Tiberi, Ranking Member Neal, thank you again for drawing attention to expiring tax provisions such as the PTC. We will continue to work with Republicans and Democrats on the Committee and share with them how the PTC helps create jobs across America. The PTC has won bipartisan support many times over as well as the support of a broad spectrum of trade associations, and it remains worthy of that support in the years ahead.

####

Statement of Nick Webb

I Nick Webb an Electronic Technician in Orem Utah respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible. Congress should not wait to extend the credit until just before or after it expires. The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that. I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Tracy Woodard

Director, Government Affairs

Nissan North America

Hearing on Expiring Tax Provisions

Select Revenue Subcommittee

Committee on Ways and Means

May 10, 2012

Chairman Tiberi, Members of the Committee:

On behalf of Nissan North America, I appreciate the opportunity to submit this statement for the record, in support of the extension of federal tax incentives to promote widespread consumer adoption in the U.S. of plug-in electric vehicles (EVs).

In particular, we urge you and your committee to support the extension of the consumer tax credit under Internal Revenue Code section 30C, which provides a credit of 30 percent of the cost of installing electric vehicle charging equipment, capped at $1,000 per location for installations for personal use, and $30,000 per location for commercial installations. At a time when EVs have only just recently come to market, the expiration of the section 30C consumer tax credit has been particularly ill-timed, and we hope that Congress will extend this credit as soon as possible.

Background

Nissan is a global automobile manufacturer offering a full line of light-duty vehicles in the U.S. and throughout the world. Nissan currently has three production plants in the U.S. – in Smyrna and Decherd, Tennessee, and Canton, Mississippi. Production at Nissan's Smyrna plant began in 1983. Nissan also has facilities in Irving, Texas, Farmington Hills, Michigan, and San Diego, California. In total, Nissan North America has approximately 13,000 employees in the U.S.

Nissan began selling the all-electric Nissan LEAF in early 2010. To date, we have sold more than 12,000 Nissan LEAFs in the U.S. and 28,000 Nissan LEAFS globally. The Nissan LEAF is not a niche vehicle – it is a full-service family sedan designed for range, functionality, and safety. The Nissan LEAF is a Top Safety Pick by the Insurance Institute for Highway Safety and the first all-electric car to earn an overall 5 star safety rating from the National Highway Traffic Safety Administration. Nissan believes it is clear that EVs offer the potential to radically change our nation's transportation sector in a way that will result in numerous benefits for the country as a whole.

First, the widespread adoption of EVs will enhance our nation's energy security by reducing our reliance on foreign oil. Today, the U.S. imports nearly 50 percent of the oil consumed in this country. A recent symposium report issued by the Massachusetts Institute of Technology (MIT) suggests that oil dependence, price volatility and the setting of global oil prices by cartels has cost the U.S. economy $5.5 trillion since 1970.[1] And, we continue to spend $300 billion yearly to import foreign oil, representing 50 percent of our nation's trade deficit.

Second, electric vehicles offer the potential for significant long term cost savings for American consumers. With gas prices close to $4 a gallon, an American family that drives less than 40 miles a day — which is most families — and switches to an electric vehicle, can save $1,400 a year. Put another way, traveling on electricity costs 2 to 3 cents per mile, compared with 15 to 16 cents for gasoline.

Third, plug-in electric vehicles are cleaner for the environment. The Nissan LEAF is a zero emission vehicle. It has no tailpipe. Even when upstream emissions are considered, plug-in electric vehicles are considerably cleaner than even the most efficient conventional internal combustion engine vehicles. Recent analyses demonstrate that as the nation's electricity generation profile continues to get cleaner over time – utilizing more renewable and natural gas generation – the environmental benefits of using plug-in electric vehicles grow even more significant.[2]

Fourth, EVs represent a growing industry in the U.S. with great potential for further job creation and innovation. This industry already supports tens of thousands of U.S. jobs in manufacturing, battery technologies and infrastructure at some 300 facilities in the U.S. Component and vehicle manufacturing is spread across the country, in California, Indiana, Michigan, Missouri, North Carolina, Tennessee and other states. Production of the Nissan LEAF is scheduled to begin in Smyrna, Tennessee, in early 2013. We are also building an advanced battery production plant adjacent to the vehicle assembly plant in Smyrna, which is expected to be completed in late 2012 and will be capable of annually producing 200,000 advanced batteries. In total, our company's electric vehicle related initiatives are expected to result in the creation of up to 1,300 U.S. jobs. And, as the EV market continues to grow over time, these job numbers will grow.

Importance of U.S. Involvement In Encouraging EV Market Development

Smart, strategic government policies have helped accelerate the early success we have seen in the electric vehicle market. This is consistent with other success stories in which U.S. government support was critical to the growth of other strategically important industries, such as

1 http://web.mit.edu/mitei/docs/reports/electrification-transportation-system.pdf
2. http://www.ucsusa.org/assets/documents/clean_vehicles/electric-car-global-warming-emissions-report.pdf

the intercontinental railroads and the aerospace industry. Investments in electric drive are no different. There is a clear national interest in using domestic electricity in our vehicles to reduce dependence on oil, increase energy security, encourage job growth and drive savings at the gas pump.

Significant challenges, however, still exist for this industry. The electric vehicle market in the U.S. is still in its infancy, and the continued availability of federal consumer tax incentives is critical to helping this industry grow to the point where it becomes self-sustaining. Nissan anticipates that battery electric and plug-in hybrid vehicles can achieve a significant market share if supported by government programs and incentives.

In order for new a technology—especially technologies that disrupt the status quo—to be adopted on a meaningful scale, it is essential that the new technology be adopted by a critical mass of consumers. While some new technological innovations diffuse from first use to widespread adoption in a matter of years, others may level out at less than 2 percent. *See generally,* Everett M. Rogers, *Diffusion of Innovations* 219 (Free Press 5th ed. 2003) (1962). A widely used depiction of the technology adoption curve is the "Innovation Adoption Lifecycle" developed by Joe M. Bohlen, George M. Beal, and Everett M. Rogers at Iowa State University:

INNOVATION ADOPTION LIFECYCLE

See, Diffusion of Innovations at 281.[3] As the bell curve shows, new technologies begin with a relatively small number of "innovators," then move to "early adopters" before possibly finding

3. The theories presented in *Diffusion of Innovations* are widely accepted. *Diffusion of Innovations* is "the second most-cited work in social science after Cook and Cambell's (1979) treatise on quasi- experimentation." Arvind Singhal & Sweety Law, *A Research Agenda for Diffusion of Innovations Scholars in the 21st Century: A Conversation with Everett M Rogers*, 8 J. Develop. Comm. 39, 39 (1997). *Diffusion of Innovations*.

acceptance within the pragmatic majority of consumers. Most of the variance in the rate of adoption of innovations is explained by five attributes: relative advantage, compatibility, complexity, trialability, and observability. *Id.* at 221.

Because federal EV tax credits under sections 30C and 30D are targeted to consumers, they are perfectly tailored to achieve the goal of moving consumers – and thus the market – forward on the curve, to encourage consumers to accept innovation and adopt new technology sooner because of temporary government encouragement.

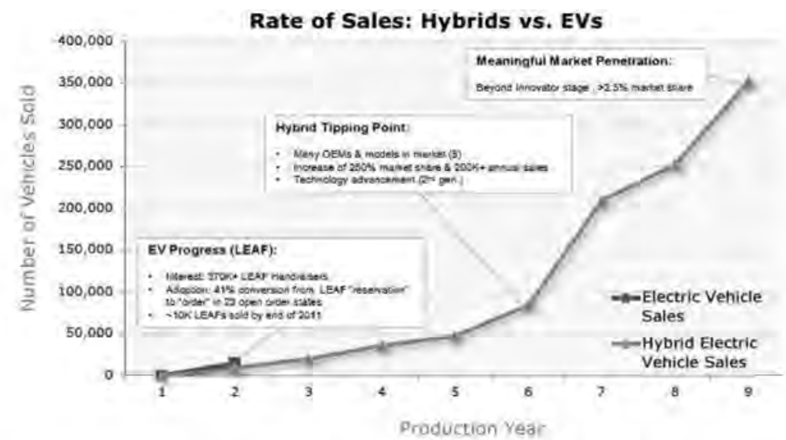
As applied to many consumer markets, a disruptive technology is likely to displace more traditional technology as it moves along the adoption curve to reach the pragmatic majority of consumers. As applied to the motor vehicle market, however, the goal is not for electric drivetrains to displace internal combustion engine vehicles, but rather for electric vehicles to gain enough of a foothold in the marketplace to be able to share the market with more traditional drivetrain technology.

A disruptive technology has the best chance of broader adoption when "opinion leaders adopt, which usually occurs somewhere between 3 and 16 percent adoption in most systems." *Id.* at 223. The early adopters are the opinion leaders in communities, and potential adopters of a new technology look to them for advice and information. *Id. a*t 283.

The Innovation Adoption Lifecycle represents what is necessary to enable EVs to move from innovators to early adopters in order to gain enough of a foothold to, over time, find acceptance among early members of the more pragmatic majority. In this context, government incentives will help EVs make the critical move from the approximate 2.5% of the market where innovators are willing to experiment with the new technology to the next group of consumers where early adopters showcase the practical use of the technology and begin the process of incorporating the technology into the broader market.

Since the motor vehicle market needs to be supported by substantial infrastructure and involves substantial investment and up-front costs, movement along the technology adoption curve is substantially slower and more precarious. Hybrids, for example, while gaining general acceptance as a viable drivetrain, have only just reached a consumer market share where they have transgressed beyond innovative consumers to more widespread early adopters.

The chart on the following page depicts the rate of Hybrid Electric Vehicle (HEV) sales from when they were first introduced in 1999 through 2007, and also depicts where EVs are on that same production schedule:



The first hybrid Honda Insight was introduced in the U.S. in 1999 and the first Toyota Prius was introduced in the United States in 2000. HEVs comprised only about 0.5% of new car sales during the first generation of these vehicles; and, as of 2004, only five HEV models were available. In 2005, Congress enacted consumer tax credits for HEVs of up to $3,400. (Prior to this, consumers had been allowed a federal tax *deduction* of up to $2,000 associated with the purchase of a HEV.) HEVs then reached a key tipping point, increasing their U.S. light-duty vehicle market share by 250%, when multiple automobile manufacturers entered the market offering a variety of HEV models. This tipping point coincided with the second generation Prius. Yet, today hybrids have just reached a 2.5-3% market share.

The hybrid experience represents the extreme challenges of introducing transformational drivetrain technology into the new motor vehicle fleet. EVs must not only travel the same early-stage adoption path as HEVs (which still rely on petroleum), but also face more substantial market barriers, such as concerns over range and the need to develop support infrastructure.

As reflected on the graph, the EV market is only in its infancy. It will require substantial support to overcome the barriers to broad market penetration and to ensure a solid and long-lasting foothold in the automotive marketplace. Projected market penetration rates for EVs and Plug-in Hybrid Electric Vehicles (PHEVs) vary significantly, demonstrating the market uncertainty surrounding these technologies. The Boston Consulting Group projects that EVs and PHEVs could make up 2% of new light-duty vehicle sales in 2020.[4] A study conducted by Google.org using McKinsey & Company's Low Carbon Economics Tool, on the other hand, projects that EVs and PHEVs could make up as much as 70% of new light-duty vehicle sales by 2030.[5] The

4. *See* The Boston Consulting Group, *Powering Autos to 2020: The Era of the Electric Car?*, at 18 (July 2011) ("BCG Study"), *available at* http://www.bcg.com/documents/file80920.pdf.
5. Google.org, *The Impact of Clean Energy Innovation: Examining the Impact of Clean Energy Innovation*

Google Study projection assumes rapid decreases in battery costs and increases in energy density by 2030, to enable the production of electric vehicles with 300-mile range and a total cost of ownership lower than that of conventional gasoline vehicles. *See* Google Study at 12. Without a breakthrough in battery technology, however, the Google Study concludes that it will be "much harder for EVs to reach scale." *Id.* Thus far, though we have not yet reached ambitious sales targets, early signs of growth in the EV market, in particular in comparison with early sales of HEVs, are encouraging.[6]

The HEV experience and the EV market forecasts reflect the uncertainties surrounding the successful deployment of transformational drivetrain technologies beyond market innovators. Government incentives that help persuade consumers to adopt that technology will provide a strong foundation upon which to base that deployment and to redress the market barriers that may otherwise stall or limit a more expanded market for advanced vehicle technologies.

The build-out of electric vehicle charging infrastructure, particularly in commercial installations, is a critical part of this process of reaching the point of widespread consumer acceptance of EVs. In a 2010 Energy Initiative Symposium on Electric Vehicles, sponsored by MIT, some of the nation's foremost experts on this topic agreed that the "[s]uccessful penetration of EVs into the transportation market requires consumer acceptance and infrastructure change as well as achieving competitive cost."[7] The report, issued in connection with this event, highlighted that the most significant challenges associated with promoting increased use of EVs in the U.S. include:

1) that significant subsidies such as the current federal tax credit are required to keep EVs from being priced out of the market; and

2) that current charging infrastructure in the country is deficient or nonexistent and requires a major investment on the part of both the government and the private sector. *Id.*

Conclusion

Nissan commends the committee for holding this hearing and soliciting comments on the importance of extending expiring tax provisions. We are committed to investing in a future of electric vehicles and appreciate your consideration of the U.S. Government's role in helping to develop the U.S. market for EVs. As part of this effort, we believe that the continued availability of consumer credits for purchasing plug-in EVs, and the extension of the section 30C 30 percent credit for installing electric vehicle charging property, will help achieve the goal of widespread adoption in this country of electric vehicles. To be clear, Nissan is not suggesting that this credit should be extended permanently. To the contrary, Nissan believes that the section 30C credit should be extended only long enough to support development of the EV market to the tipping point beyond the early adopters stage of EVs. We appreciate your support of these incentives.

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on the United States Energy System and Economy, at 9 (July 2011) ("Google Study"), available at http://www.google.org/energyinnovation/The_Impact_of_Clean_Energy_Innovation.pdf.
6. *See* http://www.forbes.com/sites/pikeresearch/2012/04/05/who-says-electric-vehicles-arent-selling/
7. *Ibid. Note 1.*

Statement of Nordex USA, Inc. 1

I work for Nordex USA, Inc. in Chicago, IL. ***Nordex USA, Inc.*** *is a leading manufacturer of utility scale wind turbines. We entered the US market in September 2008, establishing our headquarters in Chicago, investing $42 million in a production facility in Jonesboro, Arkansas and servicing wind farms spread across the United States. We now employ around 250 and last year, according to the MAKE Report of March 2012, we were sixth largest in terms of turbine installations among a field of 27 competitors. As an important participant in the wind industry, we urge Congress to extend the wind energy Production Tax Credit (PTC) as quickly as possible.*

Without the certainty of this business incentive beyond this year, however, American jobs and investment dollars are at risk. The American wind industry needs policy certainty in order to continue to contribute economic growth. We hope the Ways and Means Committee will take up the PTC extension right away.

Statement of Nordex USA, Inc. 2

To whom it may concern,

I'm a Senior Electrical Engineer with Nordex Wind Power and I am writing you to fight for the extension of the PTC for wind power. I am already seeing the impact in the wind power industry because the PTC is expiring at the end of this year. I know great engineers looking for work in the wind industry and they can't find a position because not only are there no openings, but people are beginning to lose their jobs.

I am infuriated that oil and gas subsidies still exist and are being renewed, while renewable energy subsidies are being allowed to expire. Why are we giving subsidies to companies that are making billions of dollars in profit and funneling money to people and companies outside the USA? Why are we not supporting renewable energies that come from energy sources that don't run out and whose resources come free? Why are we supporting foreign big oil instead of fostering local energy and giving us independence from oil price movements and fluctuations in foreign oil supply in war torn countries? There is something severely wrong with this picture.

The US government should be fostering US based companies, which allows US workers to generate income, which allows us to spend it and generate income for other businesses and people. I travel a lot to various small towns where our wind farms are installed and if I lose my job, that mom and pop restaurant down the street and those hotels aren't going to see me or my money anymore. That town that was going to have the wind farm installed isn't going to have a wind farm anymore and it won't get the business from all the workers that come to install, maintain and run that wind farm. Removing the PTC doesn't only affect those in the wind industry, it affects everyone from small towns to the businesses that support the wind industry.

The goal is to create jobs for Americans, not create unemployment. The goal is to foster new technologies that grow US based companies, and grow the personal wealth of Americans, so that they can spend it and help other fellow Americans grow their businesses. Growth in the US, for the US.

Please support and fight for the extension of the wind power PTC. Thanks for your support.

Sincerely,

Charlie Stauffer

Statement of Nordex USA, Inc. 3

Name,: Michelle Metes
Organization (if applicable): Nordex USA
Address: 300 S Wacker Drive, Suite 1500, Chicago, IL 60606
Phone Number: 312 386 4262
Contact E-mail Address: smetes@nordex-online.com
Title of Hearing: Hearing on Certain Expiring Tax Provisions

I work for Nordex USA, Inc. in Chicago, IL. Nordex USA, Inc. is a leading manufacturer of utility-scale wind turbines. We entered the US market in September 2008, establishing our headquarters in Chicago, investing $42 million in a production facility in Jonesboro, Arkansas and servicing wind farms spread across the United States. We now employ around 250 and last year, according to the MAKE Report of March 2012, we were sixth largest in terms of turbine installations among a field of 27 competitors. As an important participant in the wind industry, we urge Congress to extend the wind energy Production Tax Credit (PTC) as quickly as possible.

Without the certainty of this business incentive beyond this year, however, American jobs and investment dollars are at risk. The American wind industry needs policy certainty in order to continue to contribute economic growth. We hope the Ways and Means Committee will take up the PTC extension right away.

Statement of Nordex USA, Inc. 4

I work for Nordex USA, Inc. in Chicago, IL. **Nordex USA, Inc.** is a leading manufacturer of utility scale wind turbines. We entered the US market in September 2008, establishing our headquarters in Chicago, investing $42 million in a production facility in Jonesboro, Arkansas and servicing wind farms spread across the United States. We now employ around 250 and last year, according to the MAKE Report of March 2012, we were sixth largest in terms of turbine installations among a field of 27 competitors. As an important participant in the wind industry, we urge Congress to extend the wind energy Production Tax Credit (PTC) as quickly as possible.

Without the certainty of this business incentive beyond this year, however, American jobs and investment dollars are at risk. The American wind industry needs policy certainty in order to continue to contribute economic growth. We hope the Ways and Means Committee will take up the PTC extension right away.

Since starting in this industry in 2006 and working in it in multiple countries and states, I have seen the impact of tax and energy policies on job creation and economic growth first hand. I have seen the uncertainty of expiring policy costing jobs and investments. Only a long term stable policy can smooth out these fluctuations and lead the US to regain its leadership role in clean energy.

Statement of Nordex USA, Inc. 5

I work for Nordex USA, Inc. in Chicago, IL and I am a major proponent for renewable energies. **Nordex USA, Inc.** is a leading manufacturer of utility scale wind turbines. We entered the US market in September 2008, establishing our headquarters in Chicago, investing $42 million in a production facility in Jonesboro, Arkansas and servicing wind farms spread across the United States, employing many. Last year, according to the MAKE Report of March 2012, we were sixth largest in terms of turbine installations among a field of 27 competitors. As an important participant in the wind industry, we urge Congress to extend the wind energy Production Tax Credit (PTC) as quickly as possible.

Without the certainty of this business incentive beyond this year, however, American jobs and investment dollars are at risk. The American wind industry needs policy certainty in order to continue to contribute economic growth. Supporting renewable energy aids America in energy independence and reduces natural resource deletion and environmental degradation, which benefits Americans' health and safety. I speak on behalf on many when I say, I hope the Ways and Means Committee will take up the PTC extension right away.

Statement of Nordex USA, Inc. 6

Hello,

My name is Adam Wangler; I have worked for Nordex USA, Inc. in Chicago, IL for three years. **Nordex USA, Inc.** is a leading manufacturer of utility scale wind turbines. We entered the US market in September 2008, establishing our headquarters in Chicago, investing $42 million in a production facility in Jonesboro, Arkansas and servicing wind farms spread across the United States. We now employ around 250 and last year, according to the MAKE Report of March 2012, we were sixth largest in terms of turbine installations among a field of 27 competitors. As an important participant in the wind industry, we urge Congress to extend the wind energy Production Tax Credit (PTC) as quickly as possible.

Without the certainty of this business incentive beyond this year, however, American jobs and investment dollars are at risk. The American wind industry needs policy certainty in order to continue to contribute economic growth. We hope the Ways and Means Committee will take up the PTC extension right away.

The extension will have great impact and influence on my local community as well as various other businesses that support our efforts.

Kind regards,

Adam Wangler
Project Engineer

Nordex USA, Inc.
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Statement of Nordex USA, Inc. 7

Hello,

My name is Adam Wangler; I have worked for Nordex USA, Inc. in Chicago, IL for three years. **Nordex USA, Inc.** is a leading manufacturer of utility scale wind turbines. We entered the US market in September 2008, establishing our headquarters in Chicago, investing $42 million in a production facility in Jonesboro, Arkansas and servicing wind farms spread across the United States. We now employ around 250 and last year, according to the MAKE Report of March 2012, we were sixth largest in terms of turbine installations among a field of 27 competitors. As an important participant in the wind industry, we urge Congress to extend the wind energy Production Tax Credit (PTC) as quickly as possible.

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Statement of Nordex USA, Inc. 8

Susanne Vail
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Jonesboro, AR 72401
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jsabvail@suddenlink.net

I work for Nordex USA, Inc. in Jonesboro, AR. **Nordex USA, Inc.** *is a leading manufacturer of utility scale wind turbines. We entered the US market in September 2008, establishing our headquarters in Chicago, investing $42 million in a production facility in Jonesboro, Arkansas and servicing wind farms spread across the United States. We now employ around 250 and last year, according to the MAKE Report of March 2012, we were sixth largest in terms of turbine installations among a field of 27 competitors. As an important participant in the wind industry, we urge Congress to extend the wind energy Production Tax Credit (PTC) as quickly as possible.*

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Submitted Testimony of the Distributed Wind Energy Association
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
May 9, 2012

Organization:	North Coast Energy Systems (NCES)
Name:	Joe DiFrancisco, Owner of North Coast Energy Systems and Founding Member of the Distributed Wind Energy Association (DWEA)
Address:	529 east 29th street Erie, PA 16504
Phone:	(814) 459-9378
Contact:	Joe DiFrancisco, Owner of North Coast Energy Systems joe@ncenergysystems.com

I am Joe DiFrancisco, Owner of North Coast Energy Systems and Founding Member of the Distributed Wind Energy Association (DWEA). I submit this testimony as the owner of NCES and an active member of (DWEA)

North Coast Energy Systems (NCES) is a family owned business operating out of Erie, Pennsylvania and serving the tri-state area (OH, PA, NY). NCES is engaged in the sales, installation, and design of renewable energy systems, including small wind turbines, photovoltaic (PV) solar, micro-hydroelectric and hybrid systems. We also focus strongly on energy efficiency and the education/consultation of appropriate zoning and permitting of renewable technologies; a subject that the DOE has determined to be the greatest barrier to the integration of small wind energy in the US.

The Distributed Wind Energy Association (DWEA) is a national trade association comprised of wind energy component manufacturers, distributors, project developers, dealers, installers, and advocates, whose primary mission is to promote and foster all aspects of the US distributed wind energy industry. DWEA has dozens of member companies located throughout the United States of which NCES is a founding member.

"Distributed wind," also commonly referred to as "small" or "community wind," involves the use of typically smaller wind turbines at homes, farms, businesses, and public facilities to off-set all or a portion of on-site energy consumption. This segment of the renewable energy industry already represents approximately $2 billion in new energy infrastructure for America's rural communities and commercial and industrial energy consumers on an annualized basis.

Also, more than 80 percent of distributed wind turbines sold in the U.S. are manufactured here at home. We here at NCES only sell and install domestically sourced Small Wind Turbine equipment and Photovoltaic (PV) Solar equipment. American jobs are of utmost priority to us and our suppliers. We appreciate this opportunity to comment on certain expiring provisions that significantly impact our industry.

We urge the House Ways and Means Committee to approve and send to the full House of Representatives legislation that would immediately extend the § 48 ITC election through 2016 for all sizes of wind power projects. An ITC extension would maintain a level playing field among competing renewable energy technologies, provide business certainty to the smaller segments of the wind energy industry that are generally unable to utilize the PTC, and enable it to continue to deploy clean renewable, domestically produced energy, using American made equipment, to drive economic growth and job creation in communities across the country.

Thank you again for the opportunity to submit these comments and we look forward to working with you to ensure the continued expansion of this dynamic and growing American industry.

Sincerely,
Joe DiFrancisco
Owner, North Coast Energy Systems
NABCEP Certified Solar PV Installer
NABCEP Certified Small Wind Turbine Installer
NYSERDA Eligible PV & Wind Installer
PA Sunshine Program Approved PV Installer
814-459-9378 (office)
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www.ncenergysystems.com

NORTHERN LARAMIE RANGE ALLIANCE

The undersigned Steering Committee of the Northern Laramie Range Alliance (NLRA), a not-for-profit citizen organization in the State of Wyoming with more than 900 members, hereby submits the following comments in connection with the deliberations of the Subcommittee on Select Revenue Measures of the Committee on Ways and Means of the U.S. House of Representatives (the "Subcommittee") respecting the Production Tax Credit for wind energy (the "Wind PTC"). We request that this submission be included in the record of the Subcommittee's April 26, 2012, Hearing on Certain Expiring Tax Provisions (the "April 26 Hearing").

Summary

NLRA believes that the Wind PTC has been extremely costly for the U.S. government and taxpayers without commensurate economic or environmental benefits. Indeed, in some cases the industrial-scale facilities that the Wind PTC has subsidized have caused serious environmental damage, encumbered large areas of land and degraded both human and wildlife habitat, while producing energy erratically and inefficiently. Moreover, the Wind PTC has incentivized and enabled practices in wind energy development that are raising electricity costs to consumers and, in some cases, may be violating provisions of federal law.

Other commentators have submitted detailed and comprehensive information, with which we agree, documenting the reasons that the Wind PTC should end. In this submission we focus on aspects of the issue that have come to our attention during the course of our work in central Wyoming's Northern Laramie Range.

The Wind PTC Generates Little Economic Benefit

We believe that it's important for the Congress to take a "bottom up" look at the economic impact of wind energy development, examining the real-world cases in which the Wind PTC has been applied, not the "model-based" estimates of entities such as the American Wind Energy Association (AWEA) or the National Renewable Energy Laboratory (NREL). The flawed economics of wind energy subsidies more broadly have been documented by others in presentation to the Subcommittee; we focus here on impacts locally as perceived by communities directly affected by this development..

In our area – the "wind-rich" high plains of central Wyoming just north of the town of Glenrock - there are three (four if one counts as two a Pacificorp project permitted under separate names in 2008) recent industrial-scale wind installations. Between them, they have received cash grants under the now-expired "Section 1603" program and and/or qualified for Wind PTC benefits at a present-value cost to the federal government that we estimate to be approximately $279 million. Based on information provided to the State of Wyoming in industrial siting applications filed by the sponsors of these projects, the combined energy-generation and job-creation characteristics are as follows:

P.O. Box 3215 • Casper, Wyoming 82602
(307) 436-9147 or (307) 258-1713

Energy Production (at estimated 35% capacity factor)	Construction Jobs (temporary - avg over 9-12 mo. construction period)	Operating jobs (permanent)	Project area acreage
175 mw	395	40	38,500

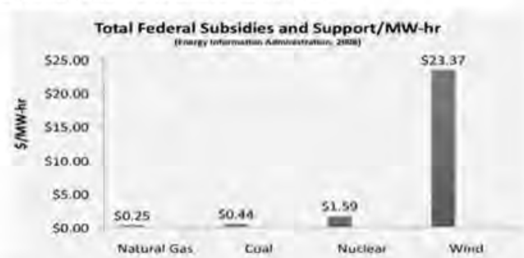
It is often claimed that these facilities also generate property and sales tax revenues for local and state government but, importantly, it must be recognized that as a part of utilities' overall expense structure these payments are simply recovered from consumers in the form of higher electricity charges.

We do not know the proportion of the equipment in these projects manufactured in the United States, but an independent study of this issue, in 2010, concluded that approximately 80% of the expenditures for this purpose funded under the Section 1603 grant program flowed to foreign manufacturers.

Claims That Other Forms of Electricity Generation Get Subsidies at Similar Scale are Wrong

In the spring of 2010, the then-Governor of Wyoming, Dave Freudenthal, conducted a series of townhall meetings around our state. In his presentation, among other things, he remarked on the relative degree of subsidization of contributors to energy generation, a discussion even more noteworthy from this respected Democrat. The following is the slide he presented in connection with that aspect of his remarks:

Comment [1]: I don't know if this placement of (D) is any better...



The Availability of the Wind PTC Enables and Encourages Other Dysfunctional Behavior by Some Promoters of Industrial-Scale Wind Energy Development

Just as the PTC has fostered a government-dependent segment of the financial markets focused on "harvesting" and transferring Wind PTC benefits, so too it has encouraged speculators pursuing a "permit-and-flip" business model and often "gaming" the federal regulatory framework in ways that saddle consumers with higher-cost electricity.

The "permit-and-flip" business model. In a typical situation, an "independent" wind energy developer, often thinly financed, will "block up" development rights from one or more private and/or public landowners. The promoter then attempts to go through the pertinent local permitting process. Typically, this happens with little, if any, information to the pertinent local authorities as to the identity of the entity to which the promoter will "flip" the permitted project, often because it is only after the promoter has the permit(s) and a power purchase agreement (PPA) with the local utility that it will seek to negotiate the terms of a deal.[1]

Federal securities law and promoters' acquisition of development rights. In typical situations, initial per-acre payments to landowners (during the period prior to the in-service date of a project) are modest (e.g., about $6 per acre per year in our area). But the wind "lease" carries the promise of large per-turbine-per-year payments (e.g., $12,000 and up depending on energy output) if and when the project begins producing electricity. These transactions raise obvious questions under the federal securities laws: In many cases, the development rights conveyed by the landowner are worth substantially more than the amount offered by promoters in the pre-completion phase. The difference is, in effect, the landowner's investment of the uncompensated value of those rights in the future success of the promoter's efforts. Under long-established precedent dating from the seminal SEC v. Howey Co. case in the Supreme Court, this investment is a "security" for purposes of the Securities Act of 1933 (the "Securities Act").[2] Absent an applicable exemption, the promoter is required to register its offering with the SEC and provide disclosures of all material information – including, in particular, the risks of the investment – as required by the Securities Act and SEC regulation thereunder. We are not aware of any attempts by the SEC to enforce the Securities Act or associated regulations in this context.

PURPA "gaming". In the ordinary course, if such a promoter seeks to sell the power generated by a proposed facility, it enters the local utility's "interconnection queue" and then has to participate in some form of competitive pricing in order to secure a PPA on terms that protect rate-payers. But in a practice that occurs repeatedly in a number of electric utility service areas in the Western United States, however, these promoters plan and permit large industrial wind facilities and then, in order to avoid the interconnection queue and force the output of the facility onto the grid without a competitive process, put one-mile gaps between clusters of wind turbines. The promoters then claim that each cluster of turbines is a "small qualifying power production facility," or "QF," the output of which, under a provision of the Public Utility Regulatory Policy Act of 1978 (PURPA) must

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[1] The Wyoming Legislature, quite sensibly, has recognized that the "permit-and-flip" business model is inappropriate for development of the scale and impact of industrial wind energy and has mandated that promoters show in the permitting process that they have the financial capacity to build, operate and maintain the projects for which they seek siting permits, not only – as is typical in other states – decommission and reclaim them at the end of their useful life.

[2] 328 U.S. 293 (1946); *see also* United Housing Foundation, Inc. v. Forman, 421 U.S. 837, 848, 95 S. Ct. 2051, 2058 (1975).

be purchased by the local public utility without regard to other, pending applications in the interconnection queue and at noncompetitive prices. Although the Federal Energy Regulatory Commission (FERC), in a 2006 rulemaking proceeding, described this behavior as "gaming" of its one-mile-separation regulation, and cautioned the industry accordingly (RM06-10-000; Order No. 688 at para. 77), it recently declined to grant an NLRA petition – supported by Xcel Energy Services, a major public utility – challenging this practice.[3] Suffice to say, abusive behavior of this kind would not occur but for the existence of the Wind PTC, which makes possible the business model of which PURPA "gaming" is a part.

Conclusion

Under all of the foregoing circumstances, and in view of other information submitted to the Subcommittee in connection with the April 26 Hearing, NLRA strongly recommends that the Subcommittee recommend against renewing the Wind PTC. NLRA also requests that the Subcommittee refer to other Congressional committees with oversight of FERC and PURPA, and the federal securities law, respectively, the PURPA "gaming" practice and the potential issues under the Securities Act of 1933 described in this submission.

Finally, we want to emphasize that NLRA is not opposed to wind energy development *per se*; indeed, our organization collaborated with a wind developer in our area to avoid local action that would have interfered with a properly sited, high-plains project. But we believe that this huge infrastructure must be sited properly, developed openly, transparently and in full compliance with the law and – crucially – it must be financially self-sustaining if it is make a long-run contribution to a secure and sustainable energy future for the country. After 20 years, it's clear that the Wind PTC is preventing – not facilitating – the industry's meeting these essential standards.

Sincerely,

The Northern Laramie Range Alliance
by its Steering Committee

Bret Frye	Kenneth Lay
Willard McMillan	Sharon Rodeman
Sally Sarvey	Tom Swanson
Diemer True	

Dated: May 10, 2012

[3] FERC Docket No. EL11-51-000. Xcel is challenging this practice at FERC in a separate petition relating to a "gamed" QF proposal in Oklahoma. Notably, in both cases the promoters have not disputed the facts, but instead claim that the one-mile separation test is dispositive irrespective of other circumstances.

Statement of Northstar Wind Towers, LLC 1

*I; Mark Ringenberg, Field Services Director – Northstar Wind, **Blair Nebraska.***

Respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Although it is too late for our companies survival, and Northstar Wind can no longer provide jobs to Americans, due to your inaction, perhaps the greater industry and survival of the whole can still be managed if you get up off your partisan positions and take the action you need to accomplish.

The PTC drives billions of dollars in private investment in homegrown American wind power each year.

I have seen wind farms revitalize the supply, manufacturing, and logistics industries and provide wages and jobs to my fellow Americans, including myself (currently unemployed).

I have seen wind farms revitalize communities – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for communities schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Northstar Wind Towers, LLC 2

Ways and Means Committee,

Taller Wind Towers, LLC (doing business as Northstar Wind), based in Blair, Nebraska is in the business of designing, having manufactured, and selling modular wind towers for the utility scale wind energy business that utilize cutting edge technology and protected intellectual property.

Northstar strongly urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible as it is critical to keeping thousands of US jobs from going away and potentially moving overseas.

With the uncertainty that surrounds the renewal of the PTC and resulting shutdown that this will cause for new projects in 2013 for the US Wind Energy industry, we are unfortunately on the verge of having to close our North American business and focus on transferring our technology to China or Europe where government energy policies are both stable and supportive of renewable energy technology.

If it is the goal of Congress to eliminate thousands of good paying American jobs and further imperil our energy future, then please continue your partisan bickering and fighting and do nothing with respect to extending the PTC. However, if Congress truly does care about the long-term energy future and the employment of tens of thousands of people of this great country, we strongly urge this committee to immediately take up an extension of the PTC.

Respectfully,

Jeffrey Willis
President

Statement for the record
from

Joyce Jackson, MHA, President and CEO
Northwest Kidney Centers

in support of the
Extension of the Charitable IRA Rollover

Presented to the
United States House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures

Hearing on Certain Expiring Tax Provisions
Thursday, April 26, 2012

Joyce Jackson, MHA, President and CEO
Northwest Kidney Centers
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Northwest Kidney Centers respectfully submits the following comments in support of extending the charitable Individual Retirement Account rollover provisions.

Northwest Kidney Centers is a dialysis provider based in the Puget Sound region of Washington State. We were founded in 1962 as the world's first out-of-hospital dialysis program. Today, we are the largest community-based non-profit dialysis provider in the United States. Northwest Kidney Centers provides care to approximately 25 percent of Washington State's dialysis patients in 14 centers and 11 hospitals in King and Clallam counties.

Charitable donations provide vital funding for the Northwest Kidney Centers' mission, services to our patients and community benefits. We actively seek private, corporate and public support from individuals, companies and foundations. In the 2011 budget year, Northwest Kidney Centers received $2 million in charitable donations which included invaluable IRA rollover funds. We use these donations to provide:

- Charity care and uncompensated dialysis
- Free predialysis, dialysis and transplant classes
- Training of kidney doctors
- Community outreach about kidney health and organ donation
- Kidney disease research

Philanthropy funds the full cost of these programs annually.

Patient care, education and research are essential parts of our mission. Northwest Kidney Centers participates in 60 outreach events each year, reaching more than 12,000 people with kidney information. Our chronic kidney disease program offers classes on treatment options and good nutrition for nearly 1,000 pre-dialysis, dialysis and transplant patients and family members each year, at no cost to the participants. And since 2003, we have hosted an annual Kidney Health Fest for African American Families to educate and screen African Americans, who are four times more likely to have kidney disease—higher than any other population group.

If Congress allows the charitable rollover provisions to expire, this action will hurt most those in the lowest income brackets that rely heavily on charities for services. In these difficult economic times, now more than ever, charities are bridging the gap by serving those in need as budgetary constraints prevent state and federal governments from providing similar services.

We take pride in being a community-based dialysis provider that provides patients with more than just dialysis treatments. As we celebrate our 50th anniversary this year, Northwest Kidney Centers looks forward to providing charity care, pre-dialysis services, education, training and research to our patients, our community and other dialysis providers throughout the U.S. for many more years to come. Extending the IRA rollover provisions will enable us to continue this important work.

Statement for the record submitted by:

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smathiesen@dennymiller.com

NOVOGRADAC
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 10, 2012

The Honorable Pat Tiberi
Chairman of the Subcommittee on Select Revenue Measures
Ways and Means Committee Office
1102 Longworth House Office Building
Washington D.C. 20515

Re: Hearing on Certain Expiring Tax Provisions

Dear Chairman Tiberi and Members of the Subcommittee on Select Revenue Measures,

On behalf of the members of the New Markets Tax Credit ("NMTC") Working Group, we submit the following comments regarding the recent hearing on certain tax provisions that either expired in 2011 or will expire in 2012 (also known as "Tax Extenders"). The members of the NMTC Working Group are participants in the NMTC industry who work together to help resolve technical NMTC Program issues and provide recommendations to make the NMTC Program even more efficient in delivering benefits to qualified businesses located in low-income communities around the country. Our group includes allocatees, nonprofit and for profit community development entities ("CDEs"), consultants, investors, accountants and lawyers.

We are writing to you to encourage the extension of the NMTC program under Internal Revenue Code §45D including increasing credit authority and allowing the NMTC to offset alternative minimum tax ("AMT"). We appreciate the opportunity to comment on ways to further enhance the good being done by the NMTC Program, and we also appreciate the level of commitment, dedication and outreach that has been shown and continues to be shown by the CDFI Fund, the Internal Revenue Service ("IRS") and the Treasury's Office of Tax Policy in implementing and managing the NMTC Program. The CDFI Fund, IRS and Treasury have proven to be capable managers of the NMTC Program. This is evidenced by the tremendous success the NMTC Program has enjoyed since its inception in 2000. Low-income communities across the country have benefitted from targeted investments of more than $21 billion. We applaud the various offices within Treasury that have worked with all those involved in these transactions to ensure that those dollars get into highly distressed communities as efficiently as possible.

Since the program's inception, the knowledge, understanding and experience among participants in the NMTC Program has been continuously rising, as has the demand and competition for the NMTC among participants in the NMTC Program, including investors, lenders, CDEs and qualified businesses. The interaction of these and other factors has led to ever greater efficiencies and effectiveness of the NMTC Program in delivering much needed subsidy to qualified businesses.[1] These factors have also helped direct a greater portion of the NMTC Program to the nation's most distressed low-income communities and to qualified businesses generating even greater community impacts.

[1] See "Reports Indicate that NMTC Program Improves with Age," Novogradac Journal of Tax Credits, July 2011, Volume II, Issue VII.

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The Honorable Pat Tiberi
Subcommittee on Select Revenue Measures
May 10, 2012
Page 2 of 3

It is important to note the continuous support the NMTC Program has received from Congress since its inception. In the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, the NMTC program was extended for two years. Since the most recent extension of the NMTC Program in 2010, the Obama administration has also proposed to expand the current NMTC Program from $3.5 billion to $5 billion in its most recent budget proposal. In the wake of Hurricane Katrina, the NMTC Program was expanded $1 billion to encourage investment in low-income communities within the Gulf Opportunity Zone. During the recent downturn in the economy, Congress expanded the NMTC Program again from $3.5 billion to $5 billion in the 2009 American Recovery and Reinvestment Act to help spur more economic development.

We believe that one of the most effective ways to further improve the efficiency of the NMTC Program requires a statutory change – that is, make the credit permanent or, at a minimum, provide a long-term extension. The current trend of granting a short-term extension creates uncertainty in the industry. Uncertainty in any aspect, especially as it relates to the future of funding for the NMTC Program, limits the number of investors and potential CDEs willing to participate, and also limits the level of long-term investment that existing investors and CDEs are willing to make. Unless there is an extension of the NMTC, the elimination of an established relationship between public and private sector investment resources that the NMTC Program was originally designed to promote is inevitable.

Additionally, an increase in annual credit authority is essential to expand the low-income community impacts associated with NMTC investments. In the report "New Markets Tax Credit Program: Promoting Investment in Distressed Communities" published on October 20, 2008 by the CDFI Fund, the department within the US Treasury responsible for monitoring and administering the NMTC Program, indicated that on average, each $1 of federal tax revenue forgone as a result of the NMTC is estimated to induce more than $14 of investments in low-income communities. Further, over 75% of NMTC-financed projects are located in census tracts that meet one or more higher distress level criteria than are minimally required under the program rules. Since the NMTC Program's inception and through the 2010 allocation round, the CDFI Fund has made 594 awards allocating a total of $29.5 billion in tax credit authority to CDEs through a competitive application process. This $29.5 billion includes $3 billion in Recovery Act Awards and $1 billion of special allocation authority to be used for the recovery and redevelopment of the Gulf Opportunity Zone. Through the fiscal year 2010 reporting period, CDEs disbursed almost $21 billion in QEI proceeds to over three thousand qualified active low-income community businesses ("QALICBs") financing both real estate developments and operating businesses in low-income communities. NMTC investments have been located in metro and non-metro areas across all 50 states, the District of Columbia, and Puerto Rico. In the most recent allocation round, the demand for the NMTCs was up approximately 26 percent. There were 314 applications received requesting $26.7 billion of allocation. There is clearly a need for increased credit authority from the current $3.5 billion. An increase in annual credit authority would allow more low-income community investments and substantially increase the community impacts associated with NMTCs.

Willingness by investors to participate in the NMTC Program would also be greatly enhanced if a long-term or permanent extension of the NMTC included a provision that would allow the NMTC to offset AMT.[2] A long-term extension of the NMTC with an AMT offset provision would put the NMTC Program on par with Low-Income Housing Tax Credits, Historic Tax Credits and certain Renewable Energy Tax Credits, and would increase the demand by investors for the NMTC. With more demand by investors, the pricing of NMTCs would rise and would lead to an even greater amount of subsidy reaching qualified businesses. In addition to higher credit pricing, if the NMTC Program were made permanent or

[2] For further discussion of AMT implications, see §2.16 of Novogradac & Company New Markets Tax Credit Handbook, 2011.

The Honorable Pat Tiberi
Subcommittee on Select Revenue Measures
May 10, 2012
Page 3 of 3

received a long-term extension, CDEs and other NMTC Program participants would dedicate more resources to the NMTC Program and generate even greater efficiencies. Due to the economic downturn, the financing of qualified businesses has become increasingly complicated, requiring industry participants to become progressively more creative in transaction structuring while simultaneously ensuring that as much subsidy from the NMTCs as possible reaches QALICBs.

In addition to providing for an extension, an increase in credit authority, and allowing for an offset of AMT to further improve the efficiency of the NMTC Program, we recognize that there are ways to make the NMTC work even better. Addressing technical matters is the central purpose of the NMTC Working Group and its members are dedicated to that goal. Since 2006, the NMTC Working Group has responded to requests from Treasury, the IRS, and the CDFI Fund with recommendations to enhance the NMTC Program's ability to deliver significant community impact to this nation's low-income communities. These comment letters reflect the work of 50 member organizations participating on numerous conference calls and countless drafting sessions over several years. We trust you will find our comments useful and instructive. All of the NMTC Working Group's comments regarding these issues, as well as many others, can be found on our website at www.nmtcworkinggroup.com. We would be happy to meet with you to discuss our comments in further detail.

As discussed in detail above, we respectfully request that the Subcommittee on Select Revenue Measures consider the long-term or permanent extension of the NMTC program including an increase in annual credit authority and allowing for an offset of AMT. Thank you in advance for your time and careful consideration of these issues.

Please do not hesitate to contact us if you have any questions regarding our comments or if we can be of further assistance.

Yours very truly,
NOVOGRADAC & COMPANY LLP

by Michael J. Novogradac

Michael J. Novogradac

NOVOGRADAC & COMPANY LLP

by Brad Elphick

Brad Elphick

cc: The Honorable Dave Camp
Chairman of the Ways and Means Committee

OANO | Ohio Association of Nonprofit Organizations

STATEMENT FOR THE RECORD
JENNIFER ESCHBACH
EXECUTIVE DIRECTOR, OHIO ASSOCIATION OF NONPROFIT ORGANIZATIONS (OANO)
HOUSE WAYS AND MEANS
SUBCOMMITTEE ON SELECT REVENUE MEASURES
"HEARING ON CERTAIN EXPIRING TAX PROVISIONS"

April 30, 2012

Chairman Tiberi, Ranking Member Neal, and distinguished members of the Subcommittee on Select Revenue Measures, I am writing to support a recent statement submitted by Diana Aviv of Independent Sector, regarding the extension of tax incentives that are beneficial to the nonprofit community.

I serve as the executive director of the Ohio Association of Nonprofit Organizations. We represent 500 nonprofit member organizations in the state of Ohio. OANO's mission is to provide leadership, education, and advocacy to enhance the ability of Ohio's nonprofit organizations to serve their communities.

We are asking Congress to immediately pass a one-year extension of all the expired tax extenders provisions which include the IRA charitable rollover, as well as the enhanced deductions for donations of food, books, computer equipment, and real property for conservation purposes.

As I'm sure you're aware, in recent years, nonprofits have experienced an increase in demand for services. In surveys, OANO's members have reported a 45% increase in demand for their organizations' services. It is important that Congress reinstate these incentives for charitable giving, particularly during a time of such great need.

Thank you for your consideration.

Ohio Organizations Signing On In Support:
Achievement Centers for Children – Highland Hills
ACLU of Ohio
AIDS Resource Center Ohio
Capital University - Columbus
Christian Camp and Conference Association, Ohio Section
Cincinnati Union Bethel - Cincinnati
Fore Hope – Columbus
Godman Guild – Columbus
LeaderSpark, Inc. - Columbus
Life Enrichment Center - Dayton
Nehemiah House of Refuge - Columbus
Neighborhood Housing Services of Greater Cleveland - Cleveland
New Avenues to Independence – Cleveland

Oasis House - Dayton
Ohio Campus Compact – Granville
Ohio Environmental Council
Ohio Jewish Communities - Columbus
Pleasant Vineyard Ministries - Camden
The Sandy Johnson Foundation: Making Our Roads Safer – Columbus
Warren County Community Services

OMHA

Date:	April 26, 2012
To:	House Committee on House Ways & Means, Select Review Measures Subcommittee Representative Pat Tiberi, Chairman
From:	Ohio Manufactured Homes Association Tim Williams, Executive Vice President Tim Williams twilliams@omha-usa.org
Re:	Expired Tax Provisions Hearing – Energy Star Tax Credit for Manufactured Homes "Tax Extenders"

In Support

The Ohio Manufactured Housing Association (OMHA) is the sole industry organization that serves all of Ohio as a non-profit trade association. We represent all segments of the manufactured housing industry. Manufactured homes account for approximately 10% of all new housing starts in Ohio annually. For many low and moderate income citizens as well as senior citizens on fixed incomes, manufactured homeownership represents one of the very few opportunities for affordable homeownership without any government subsidies.

On behalf of The Ohio Manufactured Homes Association I am writing to testify in support for the extension of the Energy Star Tax Credit beyond 2011. OMHA and its 500 industry members believe valuable credits such as these are vital to the housing industry as the economy continues to recover. More and more consumers today demand more energy efficient products in response to increasing energy costs and conservation efforts.

The most cost-effective time to make a home more energy efficient is when it is first built. The New Energy Efficient Home Credit (IRC Sec. 45L) helps ensure the continued development of energy efficient housing solutions that reduce heating and cooling costs, as well as reduce the burden on our nation's energy capacity.

For the highly price sensitive manufactured home market, these credits are vital to helping buyers afford the added costs to purchase an ENERGY STAR home and will significantly reduce the cost of homeownership.

Congress needs to continue providing incentives that encourage the adoption of the most efficient technologies and building practices. These investments in energy efficiency are the most cost-effective way to achieve immediate and substantial reductions in global warming pollution, while also enhancing our economy.

OMHA along with our National Organization Manufactured Housing Institute have partnered with a broad coalition of energy efficiency, environmental, and affordable housing Organizations in urging Congress to support the extension and expansion the Energy Star Tax Credit for homeowners.

Thank you for the opportunity to submit testimony.

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PARTNERSHIP FOR JOB CREATION

STATEMENT FOR THE RECORD

HEARING ON CERTAIN EXPIRING TAX PROVISIONS
SUBCOMMITTEE ON SELECT REVENUE MEASURES
THURSDAY, APRIL 26, 2012

The Partnership for Job Creation is an alliance of stakeholders in the New Markets Tax Credit (NMTC) industry, including community development entities (CDEs), investors, and accounting or consulting firms. The Partnership appreciates this opportunity to share its statement on the importance of the New Markets Tax Credit and the need for a long-term or permanent extension of the credit as a part of reform of the tax code.

The NMTC (I.R.C. Sec. 45D(f)(1)) provides investors with federal tax credits in exchange for making equity investments in investment vehicles known as Community Development Entities (CDEs). In turn, CDEs provide low-rate financing to transformative projects and small businesses in highly distressed communities across the country. Each year, CDEs vie for allocations in a competitive, blindly scored application process overseen by the Department of Treasury's CDFI Fund. Since the program's creation in 2000, the CDFI Fund has allocated $33 billion in tax credit authority at a total actual cost of just of roughly $13 billion to the Treasury Department, as only 39% of the allocation authority can be claimed as tax credits.

The New Markets Tax Credit enjoys a long history of bipartisan support. The credit was passed by a Republican Congress and signed into law by President Clinton in 2000. It was implemented by President George W. Bush, whose administration strengthened the credit by adding new accountability measures. That spirit of bipartisan endures today. Sixty-four House members, including 14 on the Ways and Means Committee, have already signed on to H.R. 2655 (New Markets Tax Credit Extension Act of 2011), which seeks a five-year extension of the credit. A companion bill in the Senate, S. 996, also enjoys the bipartisan support of 24 senators.

The Partnership does support a short-term extension in the interim until comprehensive tax reform is undertaken, but we strongly believe that making the NMTC a permanent part of the Internal Revenue Code would make this credit even more successful than it is today.

The Partnership was pleased that, in his opening statement, Subcommittee Chairman Tiberi advocated that "*with a few exceptions, temporary tax provisions that are worthy should be made* *permanent*." The NMTC is a perfect example of a temporary provision that, if made permanent, would result in an even more successful program.

The NMTC meets the criteria Subcommittee Chairman Tiberi identified as necessary to evaluate whether tax provisions are effective: whether they create jobs and whether they still serve their intended purpose. The NMTC creates jobs and meets its intended purpose by creating a business-led expansion of investment, job creation, and economic opportunity in communities afflicted by high unemployment and poverty. As Congressman Gerlach (R-PA) stated during the hearing, 88% of NMTC-financed investments would not have been made without the help of the credit.

Innumerable local small businesses have been financed to open or expand in struggling areas, providing a sustainable economic engine that will drive community development and job creation well beyond the lifespan of the tax credits. Beyond the direct job-creation benefits accrued as a result of any single project, the subsequent economic activity that increases as a neighborhood redevelops around a NMTC-anchored project generates additional job growth, additional economic activity, and additional tax revenue.

The NMTC program is among the Top 25 programs given the prestigious "Innovations in American Government Award," administered by the Harvard University Kennedy School of Government. That recognition is due in large part to the credit's transparency and its use of business-oriented mechanisms to accomplish social and economic missions, in a process known as "community capitalism."

What makes this credit so cost-effective for taxpayers is the extraordinary amount of private capital that is unlocked through the initiative. According to data from the Treasury Department, for every one dollar of federal tax credit, $8 of private capital is leveraged.

The construction or expansion of retail centers, factories, job training centers, small businesses, charter schools, and health centers are just a sampling of the array of catalyzing projects that have been made possible by the NMTC. Such variety is due to the flexibility of the tax credit in allowing local market forces to decide which projects and businesses are financed, so long as the project meets the basic criteria of being located in an economically distressed census tract, with the intention of galvanizing economic growth, creating local jobs, and improving struggling communities.

While the NMTC has a long history of success, it would be even more successful if it were included as a permanent part of the tax code. Certainty in the tax code would attract even more investors and allow for long-term planning and increased job creation. Periodic, temporary, or retroactive extensions undermine the effectiveness of valuable initiatives, such as the New Markets Tax Credit. When uncertainty reigns, investors sit on the sidelines. As Subcommittee Chairman Tiberi noted, "Making tax policy this way [yearly extensions] wreaks havoc on the ability of families and businesses to plan for the future with some certainty." Simply put, capitalism can't work without capital – and uncertainty makes capital harder to come by.

The NMTC galvanizes community development, generates economic activity, and provides a substantial return for taxpayers, making it a prime example of sound tax policy. Yet, communities and investors are unable to realize the full potential of the program because of its temporary nature. Making the credit a permanent fixture of the tax code would allow CDEs to plan and finance multi-year investments more efficiently and attract more investor demand for the credits, thus resulting in an even greater impact on communities, more job creation, and a higher return on investment for the taxpayer.

The Partnership certainly understands the current fiscal environment and supports a short term extension of the NMTC if Congress is unable to make the program permanent until it tackles tax reform. However, for the reasons noted above, the program would be even more successful if there was the certainty of permanence, rather than yearly extensions. The Partnership appreciates the opportunity to share its thoughts on this importance issue and urges Congress to help the NMTC Program exceed its current potential by providing certainty by making the Program a permanent part of the tax code.

Submission for the Record

House Committee on Ways and Means
Subcommittee on Select Revenue Measures

Hearing on Certain Expiring Tax Provisions
Thursday, April 26, 2012

Statement of Partnership for Philanthropic Planning

The Partnership for Philanthropic Planning (PPP) is a 501(c)(3) public charity whose mission is to help people and organizations create charitable giving experiences that achieve the philanthropic, financial, family and personal goals of the donor. PPP helps maximize the value of charitable giving for nonprofit organizations and donors by helping fundraising professionals provide the most meaningful charitable giving experience for donors; helping financial planning professionals provide their clients with excellent advice on charitable giving and estate planning; and helping nonprofit managers and trustees better accomplish the missions of their organizations through meaningful philanthropic planning.

PPP achieves its mission through research, education, advocacy, community dialogue and the setting of standards and best practices in philanthropic planning. PPP is supported by more than 115 councils representing 8,000 planned giving and major gifts fundraisers, nonprofit managers and trustees, financial and estate planners, trust managers and a variety of donor advisors. Collectively these professionals facilitate billions of dollars in charitable gifts each year.

PPP has long advocated in favor of government policy that encourages charitable giving. PPP's position is based upon the critical role of philanthropy in this country. Tax incentives for charitable giving send an essential message about the value our society places on voluntary giving and the important role of charitable organizations in meeting critical individual and community needs. The true beneficiaries of the charitable donation are not the generous Americans who make charitable gifts, but all citizens whose local communities and our nation, are made better through the work of charitable organizations.

In this spirit of encouraging responsible philanthropy, PPP strongly supports federal legislation that permits Americans to transfer money from their Individual Retirement Accounts (IRAs) directly to nonprofit organizations for charitable purposes, without suffering tax penalties. This legislation is commonly referred to as the IRA Charitable Rollover.

In August 2006, a limited version of the IRA Charitable Rollover was first enacted into law as part of the Pension Protection Act of 2006 (Public Law 109–280). This provision permitted IRA owners beginning at age 70 ½ to make outright charitable gifts of up to $100,000 per year from their IRAs directly to eligible charities for calendar years 2006 and 2007. The donor did not have to report the distribution as taxable income and was not entitled to claim a charitable income tax deduction for the gift. The IRA Charitable Rollover was extended for 2008 and 2009 as part of the Economic Stabilization Act of 2008 (Public 110-343), but then lapsed as of January 1, 2010. On December 17, 2010, the provision was retroactively extended for 2010 and into 2011 with the enactment of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (Public Law 111-312). Unfortunately, the IRA Charitable Rollover expired again at the end of 2011, and Congress has yet to act to extend or expand this important tax provision.

PPP is pleased to report that the IRA Charitable Rollover, as enacted in 2006 throughout 2011, has generated an enormous amount of *new* charitable giving. For example, PPP has received reports of more than 4,500 separate charitable gifts made pursuant to this provision, totaling over $82 million. This data is the result of a voluntary, limited survey conducted by PPP, so the total number of charitable gifts from IRAs is likely much higher. In addition, PPP's data shows the most common IRA Rollover gift has been $5,000, with the majority of gifts ranging between $1,000 and $10,000, which means the IRA Charitable Rollover is allowing older Americans, particularly those individuals who do not itemize their tax deductions and would not otherwise receive any tax benefit for their charitable contributions, to donate relatively modest amounts of money to thousands of nonprofits that work every day to enrich lives and strengthen communities across the country. Because the IRA Charitable Rollover has now lapsed once again, however, our nation's charities – and those they serve – are losing millions of dollars in new charitable gifts that are generated by this important tax provision.

Accordingly, PPP strongly supports extension of the IRA Charitable Rollover provision that expired at the end of 2011. In addition, PPP supports the Public Good IRA Rollover Act of 2011 (H.R. 2502), legislation sponsored by Representatives Wally Herger (R-CA) and Earl Blumenauer (D-OR), which would expand and make permanent the IRA Charitable Rollover. PPP believes this legislation will spur millions of dollars in new charitable donations that will go to support critical programs and services for those in need. Therefore, PPP, and the thousands of fundraisers, donor advisors, and charities represented by the organization, urge Congress to act in the coming months on the IRA Charitable Rollover.

Submitted on behalf of the Partnership for Philanthropic Planning by:

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Partnership for Philanthropic Planning
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Statement of Patricia Christensen

Name: Patricia G. Christensen
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Title of Hearing ("Hearing on Certain Expiring Tax Provisions")

Article 10: PTC for the Wind industry. This industry blows around a lot of hot air and empty promises. California a state that has had wind turbines for years is a vast wasteland of abandon wind turbines. Why? It's simple the federal subsidies have been exhausted the wind developers were LLC, so they protected themselves from the decommission clause and fled the area with the truck loads of taxpayers money. "They laughed all the way to the bank". Now "run away" turbines are a common occurance in California and these huge structures are left to rot and become a financial burden on the state. A definition of insanity is doing the same thing over and over and expecting different results, if this continues to happen in California why would be put the entire United States in this losing situation? The wind developers are nothing more than modern day carpet baggers.

Home Rule: Each town has it's own unique situation. The town board members are elected by the people and represent the people that have elected them. They give each taxpayer the opportunity to express their opinion and have their voice heard. By creating the siting boards you are taking away the local voice and landowner no longer will have a voice that matters. The boards come and go but a bad decision will have a life time lasting effect. Unfortunately, these decisions don't have the ability to allow for do-overs and if they did the damage will already be done. I local voice has to be

In my research I found this article about wind, energy and common sense.

I though it was practical and applies basic arithmetic and science. We need to stop this feeding frenzy of people taking advantage of our government and our precious tax dollars before this country is bankrupt!

Which investment would be more cost effective: energy efficient light bulbs to reduce electricity demand or wind turbines to produce electricity?

Both approaches are widely touted as good for the environment but their relative cost effectiveness is seldom compared. It can be done with simple arithmetic. Assume $2 million is available to invest.

1. Energy efficient light bulbs. Home Depot is offering four (4) 14-watt compact fluorescent light (CFL) bulbs for $7.97 that are claimed to provide the same light as a 60-watt incandescent light bulb, with a projected lifetime of 8000 hours.

- Assume the price is $2 per bulb to make the arithmetic easier.

- If the bulbs were used an average of 4 hrs per day over 5 years, that would add up to 7,300 hours (365 days x 5 years x 4 hours), or less than the claimed lifetime.

- Each 14-watt compact fluorescent light (CFL) would save 46 watts per hour of use in lieu of a 60-watt incandescent bulb.

- Over a 5-year period (4 hours per day) electricity savings from a single bulb would be 335,800 watt-hours (46 watts x 7300 hours). 335,800 watt-hours = 335.8 kilowatt-hours (kWh).

- $2 million could pay for 1,000,000 of the compact fluorescent light (CFL's) advertised by Home Depot.

Using these assumptions, 1,000,000 compact fluorescent light (CFL's) could save 335,800,000 kWh of electricity over 5 years.

2. Wind Turbine. The current "rule of thumb" price for a 1 Megawatt (MW) wind turbine seems to be roughly $2 million (if installed in quantity).

- A 1 MW wind turbine operating at a generous 30% capacity factor[1] over 1 year would produce 3,066,000 kWh of electricity (1,000 kW x 8760 hours in year x 30% = 2,628,000.

- Thus, a 1 MW wind turbine operating over 20 years[2] at a 30% capacity factor could produce 52,560,000 kWh of electricity (i.e., 20 x 2,628,000 = 52,560,000).

3. **Comparison**: Based on these calculations:

- A $2 million investment in a wind turbine would produce 52,560,000 kWh of electricity over a 20-year period.

- A $2 million investment in compact fluorescent light (CFL's) could save 335,800,000 kWh of electricity over a 5-year period.

- ***Therefore, the investment in CFLs would save more than 5 times as much electricity in 5 years than the wind turbine would produce in 20 years.*** ***(335,800,000 divided by 52,560,000 = 6.49.)***

Statement of Patrick Callaghan

Attention ways and means comity.
I,

Patrick Callaghan
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E-Mail - patricka6@austin.rr.com

have great concern about the continuing effort of wind and renewable energy being taxed, when we need to further develop alternative energy.
As American's we need to be at the fore front of renewable energy. It is the type of energy that will always be at our disposal,
and revenue that will be kept in the United States, for all American's and its government. In today's economy where many jobs and manufacturing products are being shipped oversees, for large corporation profits, we need to invest in every renewable energy program we can. Oil, coal, and natural gas are a finite thing that will one day run out. And we should conserve those precious commodities as long as they last. Wind energy will last forever, as far as mankind is concerned. And we as Americans can't afford to continue to fund foreign governments and companies with our revenue when we have the chance to keep as much of that revenue for ourselves. Not to mention the jobs renewable and wind energy can and does create right here in the U.S.A. Please vote to continue the tax breaks for wind energy, and in doing so, help America to stay strong and economically independent as possible.

Support all renewable energy programs and one day, when they too are strong, these energy programs will provide additional tax for the government and its people, and will help keep this nation as strong as we need to be in order to preserve our way of life. Not the way of life of foreign companies and governments.

Thank you for supporting America
Sincerely, Patrick Callaghan

Statement of Patrick Hagan

May 10,2012

Patrick Hagan
61 Grand St.,1C
Jersey City,NJ 07302
718 360 1696
ptrckhgn@yahoo.com

United States Committee on Ways & Means

Distinguished Members,

I implore you to discontinue the production tax credit for the wind turbine industry.We can not continue to support financially or ethically such a harmful,inefficient and futureless option .Our people and wildlife are being harmed in the name of a so called green energy source.A little study quickly dispels the green aspect.One is left with the conclusion that the only green is lining the developers pockets.Remove the subsidies and the proliferation of these beasts across our beautiful countryside will end.Our birds including protected species will thank you.

Our nation is in need of a comprehensive energy policy.I state the obvious.Subsidised wind energy has no place in this discussion.

PATRIOT RENEWABLES

6/28/2012

Ways and Means Committee Office
1102 Longworth House Office Building
Washington D.C. 20515

Dear Committee Members,

I would like to express my support for the extension of the Production Tax Credit (PTC) to sustain the development of wind energy. As you are aware the PTC and the Investment Tax Credit (ITC) and grant expire at the end of 2012. In the recent past, the PTC has been given year-to-year extensions that are usually enacted retroactively a few months after the tax credit has expired, leading to uncertainty and instability throughout the wind energy industry. We urge you to move away from this model of year-to-year extensions and to support a longer term (4+ year) extension of the PTC to provide a stable, long-term market for wind energy that will increase jobs, reduce energy costs, and foster homegrown American energy.

Consistently, six to eight months before the PTC threatens to expire, the wind energy industry, one of the fastest growing industries in the United States, comes screeching to a halt. Future development is put on hold, construction jobs are lost, and the manufacturing sector lays-off employees to avoid the inevitable slump at the end of the year. Recently, we have even heard of a major wind turbine manufacturer turning down over $1 billion in turbine 2012 sales because they needed additional facilities to keep up with the demand, but investors were unwilling to finance new facilities due to uncertainty of the PTC. This boom-bust cycle has the unintended consequence of decreasing manufacturing economies of scale and increasing costs.

In the event that the PTC is not extended, the wind industry will essentially disappear overnight. Tens of thousands of research and development, construction, development, and manufacturing jobs would be lost. In our own development group, the PTC is an essential factor in project economics. Without an extension of the PTC all of our projects will be put on hold indefinitely and all future development work will be dramatically scaled back. These projects take 3-5 years, or more, to develop, which is why short-term extensions of the PTC do not help the industry achieve the kind of cost reductions that are needed to help it rely less on the PTC. Catch 22.

The PTC should been seen as an important investment in our country's future. Wind power is a clean, emission-free source of generation and an American alternative to add to the energy mix. We cannot continue to overlook the ever-daunting threat of climate change and the constant supply of American dollars to countries that do not have American interests in mind. These issues are not going away. Why pass the issue to future generations when the problems will only become more and more difficult to address?

PATRIOT RENEWABLES

Given the economic and political benefits of supporting wind energy, I strongly urge this committee to take up a multi-year extension of the wind energy production tax credit.

Thank you for your time,

Todd Presson, Chief Operating Officer

Patriot Renewables, LLC
549 South St.
Quincy, MA 02169

Statement of Pattern Energy Group

DRAFT

(insert Pattern logo)

Written Comments for the Record: Hearing on Certain Expiring Tax Provisions

House Ways and Means Subcommittee on Select Revenue Measures

April 26, 2012

Comments submitted by:

Jaime Steve
Director of Government Relations
Pattern Energy Group
Pier 1, Bay 3
San Francisco, CA 94111
Jaime.steve@patternenergy.com

Pattern Energy urges Congress to extend the renewable energy Production Tax Credit (PTC) as quickly as possible in order to spur continued U.S. wind energy development and U.S. job creation.

Pattern Energy is a U.S.-based wind energy developer with more than 520 megawatts (MW) of wind projects in operation and is working to bring more than one gigawatt of wind energy into construction.

The pending expiration of the PTC puts all of the progress that the U.S. wind industry has made at risk, and American jobs and manufacturing facilities in jeopardy. Indeed, the pending expiration of the PTC has already caused Pattern to stop all new wind-project planning in the U.S.

The federal PTC has been a useful tool to keep consumer's electricity rates low and encourage development of proven clean energy projects. The PTC has attracted private capital to the deployment of wind technology in the U.S. In the past five years while the PTC has been continuously available, about 35,640 MW (or, 76 percent of total U.S. wind power) have been constructed. This growth has been complemented by technology advancements with wind turbines now generating 30 percent more electricity per turbine today than five years ago, all while driving down costs. The PTC has helped grow an American wind power fleet that now powers over 12 million homes and employs tens of thousands of people in good-paying jobs across our country.

On an industry-wide scale, Navigant Consulting estimates that the U.S. wind industry would lose 37,000 jobs and over $10 billion of private investment if the PTC is not extended. Wind energy project development entails an 18-month process. The industry needs policy certainty over the course of that time period in order to move projects forward. With the pending expiration of the PTC, an increasing number of jobs will be lost over the course of the year.

With a timely PTC extension, the wind industry would be on track to contribute as much as 20 percent of America's electricity supply by 2030, and support a corresponding 500,000 American jobs, as the U.S. Department of Energy found to be achievable under the George W. Bush Administration. The main hindrance to this level of growth, however – in addition to a need for simplicity and financial liquidity – is inconsistent federal policy.

In order to maintain U.S. economic activity and job creation when it is most needed, Pattern Energy urges Congress to swiftly extend the renewable energy Production Tax Credit.

#

Statement of Peden Harris

I, Peden Harris, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible. I have seen the benefits of wind energy for the US economy first-hand. I work for Vestas Wind Systems, which employs thousands of people throughout the US. These people make a living building the US's energy security and independence, not to mention a cleaner environment. The wind industry urgently needs the PTC now so that it can compete with the subsidies provided to the fossil fuel industry. A delay in the extension would mean a complete drop-off in investment, and threaten the industry (even if the PTC were renewed at a later date). Please act now.

Respectfully,

Peden Harris

Pellet Fuels Institute Statement
on Expired and Expiring Tax Provisions
Hearing of the Subcommittee on Select Revenue Measures
House Committee on Ways and Means
April 26, 2012

The Pellet Fuels Institute (PFI) appreciates the opportunity to share its perspective on extending the expired Section 25(c) residential energy efficiency tax credit. PFI is a North American trade association promoting energy independence through the efficient use of clean, renewable, densified biomass fuel. Its members are densified wood and other biomass pellet fuel producers, distributors and equipment manufacturers that view biomass thermal energy as a renewable, responsible, clean and energy-efficient pathway to meeting America's energy needs.

Summary

PFI strongly supports restoration and extension of the Sec. 25(c) credit for energy efficient property. Included within this section of the Internal Revenue Code is a provision that allows consumers to claim a tax credit for purchasing a biomass (pellet) burning stove. The existing cap on this credit is 10% (up to $300), down from 30% (up to $1,500) during the 2009 and 2010 tax years.

Pellet stoves provide an efficient, cost effective, environmentally sound means by which to heat individual living spaces and whole homes. Super clean, highly efficient combustion technology deployed by pellet stove manufacturers ensures maximum heat delivery into the home per pound of pellet fuel consumed. Biomass combustion is a proven technology, with over 1.5 million pellet-burning appliances currently in operation in homes and small businesses across the U.S. Most of the biomass burning units that qualify for the 25(c) credits are manufactured domestically, creating jobs, while providing energy savings to average Americans.

In regions such as the northeast and north-central states that rely heavily on imported fossil energy for home and business heating, densified biomass fuel has the potential to greatly reduce consumption of heating oil and propane. The northeast, in particular, is extremely vulnerable to heating oil price shocks and supply disruptions; in that region, biomass can sustainably offset as much as 25 percent of oil used to heat homes and businesses[i].

Despite that fact that federal government policy has consistently supported biomass for the generation of electricity or more recently for the development of biofuels, biomass used for heat is the most efficient form of usage. According to the Energy Information Administration, biomass thermal conversion efficiencies consistently reach 80 percent, whereas biomass used for electricity generation, for example, only achieve efficiencies of 25 percent. In other words, biomass utilized in thermal applications, such as pellet burning appliances, retains 80 percent of its energy value.

The United States Department of Agriculture (USDA) estimates that there are 1 billion tons of forest and agricultural residues that can be produced sustainably each year for energy. The primary feedstock for manufacturing pellets is sawmill residuals, such as sawdust and shavings that are produced during lumber processing. PFI members provide American sawmills a valuable economic outlet for this material, supply and demand for which provides benefits up and down the forest products value chain. Pellet mills typically source their feedstocks within a 100 mile radius of the plant, generating revenue as well as direct and indirect jobs in local communities. Utilizing biomass also provides needed markets for forest landowners working to maintain the health and viability of their timberlands.

According to the U.S. Forest Service, this country has more forested acres today than in 1953 despite an unprecedented housing boom in the interceding decades. Demand for forest products-whether it is lumber, tissue or pellets-is the engine that drives the forest growing cycle. Since so much of the forestland in the U.S. is privately held, these landowners—mainly families with parcels of 300 acres or fewer—depend on an economic return to maintain the health and productivity of water, air and timber resources. Without markets for forest fiber, these landowners will inevitably be forced to find alternative sources of necessary revenue, such as selling the property for development, resulting in permanent deforestation.

Why Are Tax incentives Necessary?

The relatively small market penetration of modern densified biomass fuel units, means these systems are currently expensive compared to existing fossil-fueled systems; installed systems can cost twice as much as a similarly sized oil or gas systems. This tax incentive will help to increase the availability of clean-burning thermal technology to homeowners' of various income levels.

Additionally, many of PFI's members will attest that significant portions of their sales are to homeowners looking to replace "dirtier", less efficient stick wood burning stoves. This results not only in increased energy efficiency for the user, but a healthier environment for the whole community.

While oil and natural gas prices may rise and fall over the years, it is important for this nation's security, prosperity and environmental future that a sound, balanced mix of viable domestic energy alternatives are developed and maintained. Wind, solar, and biofuels currently enjoy significant governmental incentives. PFI believes that certain efficient energy technologies should not be put at a disadvantage relative to other technologies.

The United States is the potential world leader in the production of biomass pellet appliances and the clean burning fuel required for them. Within the next year, exports of this renewable energy source will surpass domestic biomass pellet consumption. It is important that this country invest in and develop both domestic and foreign end-user markets in order to create the maximum benefits to this nation's jobs, economy, energy security and environment.

Crafted correctly, this incentive demonstrates the ongoing support of this nation's government, sending an important message and satisfying the twin objectives of supporting innovation while attracting private capital that is critical to driving long term economic growth.

As economies of scale are reached and market penetration increased, these incentives can be scaled down or eliminated.

Conclusion

The current fiscal environment in which this nation is operating necessitates that tax payer dollars be deployed in a manner that maximizes return on investment. PFI believes that investment in technologies, like thermal energy from biomass, that achieve optimal efficiency and job creation potential should be embraced, not only by extending the Sec. 25(c) tax credit, but should be a focus of energy tax reform efforts moving forward. Incentives will help build a market for high efficiency systems that can reduce American dependence on foreign fossil energy, reduce greenhouse gas emissions, and create jobs and local economic development from a renewable, sustainable domestic energy resource.

PFI looks forward to working with the Committee as it begins its work on this critical issue.

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[i] Northeast Thermal Biomass Working Group 2025 Vision, http://www.nebioheat.org/vision.asp

Submitted By:

Jennifer Hedrick
Executive Director
Pellet Fuels Institute
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Statement of Perry Black

waysandmeans.submissions@mail.house.gov

From: Perry Black, MD,CM
Neurosurgeon
Philadelphia, PA 19118

We are all keenly aware of the hazards of dependence on fossil fuels as our source of energy—limited supply, rising cost, geopolitical uncertainty—not to mention global climate change. As we look to our future we must be laying the groundwork for alternative energy sources like wind, solar, geothermal. Here is an opportunity to advance wind as a fledgling American industry that can get a boost from tax incentives to promote its further development. I urge that the Committee provide such incentives.

Statement of Perry Callas

Perry Callas, M.A.T.
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April 23, 2012

Representative Dave Camp
Chairman
House Committee on Ways and Means
U.S. House of Representatives
Washington, D.C.

Dear Chairman Camp,

I am a college instructor in Astoria, Oregon. Here at the Oregon coast there is a surplus of wind energy that is not being used to generate electricity, and that, in my opinion is a shame. If people in my community had continuing access to investment dollars for construction and maintenance of wind generation equipment, Astoria could become a generator of relatively clean energy while boosting its moribund economy.

The wind energy Production Tax Credit (PTC) can be of great benefit to Astoria and many communities like it; therefore, please extend the PTC as soon as you can. America has lain quiet while China has raced ahead in clean energy infrastructure, and that is a needless waste of time and energy.

Thank you for your efforts to make America competitive again.

Sincerely yours,

Perry Callas

Statement of Peter Stanley Company, LLC

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petestanl@yahoo.com
4/24/12

I, Peter Stanley, Owner of Peter Stanley Company, LLC in Fennville, Michigan,| respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

-I am a small business owner that believes in growth of business. Not just to grow for the sake of growth but for a purpose. One of the purposes is to develop and eventually use alternative sources of fuel such as wind turbines.
This is a rural are. Even here there are a couple of wind turbines used.
Not only is it being used for power but the design, manufacture, and repair of the wind turbines themselves creates jobs. Over the long term it generates revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

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May 1, 2012

The Honorable Dave Camp
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Sander M. Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Richard E. Neal
Ranking Member
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Tiberi and Camp and Ranking Members Neal and Levin:

Plug Power Inc. recognizes the Committee's desire to review temporary tax provisions in the U.S. Tax Code to ensure continued efficacy. Our company, as a leading U.S. fuel cell manufacturer and supplier located in upstate New York, would like to comment about several provisions that have been useful in ensuring American manufacture, and even export, of fuel cell systems.

As you may know, fuel cells and hydrogen energy technologies deliver clean, reliable power to leading edge corporate, academic and public sector customers, and are helping to transform our energy, economic, and environmental future. The US currently leads the world in the manufacture of fuel cell technology. Plug Power has also begun exporting our fuel cell products abroad. Continuing to find early domestic markets for fuel cells will ensure that manufacturers do not move overseas to be located closer to their markets, generally in Asia and South America.

Located in Latham, New York, Plug Power has been developing and manufacturing fuel cells since 1997 and we became publicly traded in 1999. Though it is difficult to find commercial markets for disruptive technologies, Plug Power has started to find commercial success with the fuel cell industrial vehicle (fork truck) market. With our material handling partners, Plug Power manufactures and services fuel cell systems for use in fork trucks at warehouse and distribution operations throughout the United States. Companies such as Walmart, Sysco Foods, Coca Cola, BMW, Bridgestone Tires, Whole Foods, Proctor and Gamble, Central Grocers and several others

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have purchased fuel cells to replace inefficient and environmentally toxic incumbent technologies.

The American fuel cell industry is well ahead of the rest of the world in addressing this market, and Plug Power has recently signed an international agreement for export of our fuel cells for material handling applications. We have grown our operations substantially over the past several years and have suppliers and customers in over 40 states. Our customers take advantage of the various tax provisions for fuel cells as they get comfortable with this new technology, the adoption of which brings inherent public benefits such as reduced energy costs and a less polluting footprint, as well as inherent corporate benefits such as quick refueling, no degradation in power output and productivity improvements.

Within the context of the review the Committee is undertaking, the 1603 Grant In Lieu of Taxes provision is the one that has had the most impact on Plug Power in recent years

1603 Grant-In-Lieu of Taxes

This program, which allows the election of a grant instead of the tax credit under Section 48, has been very effective for the fuel cell industry (as well as other clean energy industries). Almost all of the sales for material handling fuel cells have taken advantage of the program. Looking forward, the loss of 1603 cannot be underestimated. Due to the nature of the disappearance of a viable tax equity market, Plug Power has several projects that cannot move forward without the aid of the 1603 grant, including: Safeway in Tracy, CA, a facility with 1000 jobs, Amricold in multiple states with 300 employees, Bosch in Dorchester County, SC with 50 employees, Ford in Avon Lakes, OH with 75 employees and Wakefern based in Keasbey, NJ with 600 employees.

The equity market has not bounced back from the recession, particularly not for smaller projects, which fuel cells for material handling tend to represent. We foresee approximately a third fewer U.S. sales going forward because the option to lease the systems will be off the table without that equity. This makes us glad to have signed an international agreement recently, but we must all recognize that fuel cells, if there is not a market here in the United States, may go the way of many other technologies: offshore, to be closer to markets. Plug Power suggests:

- Extend the 1603 program through 2013 so that we can be sure that capital markets are recovered and there are investors for fuel cell projects. These projects tend to be smaller than with other technologies eligible for the program and therefore will rebound more slowly than capital flow for large scale projects.

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The Grant-In-Lieu is only available for PTC and ITC eligible credits and the continuation of the underlying Section 48 Fuel Cell Investment Tax Credit through its sunset of January 2016 is critical to Plug Power and the fuel cell industry at large. This credit was put in place in 2005 in order to spur U.S. market introduction of American made fuel cell systems. The credit of 30% up to $1500 per half a kilowatt currently extends through 2016 and has been significantly underutilized until very recently. In some sense, this was a reflection of the enthusiasm for fuel cells, both in the industry and among policy makers that was slightly ahead of true market viability. The credit, however, has now begun to be used a bit more robustly, particularly in the industrial vehicle, stationary and back up power markets.

Plug Power was involved in the original Section 48 credit in 2005 when it was written to be broadly applicable to a range of fuel cell applications. As we gain commercial experience, we have discovered potential improvements to optimize the intent behind this legislation. The current structure of this credit does not cleanly fit the industrial vehicle fuel cell market. As fuel cell systems become increasingly more integrated within fork trucks, it becomes more difficult for customers to distinguish fuel cell property from fork truck property. As a result, this confusion has stunted, and not spurred, market introduction in this sector. These sorts of ambiguities have influenced potential customers' interest in moving forward with fuel cell technology. Plug Power therefore:

- Strongly supports continuation of the Fuel Cell Tax Credit through its current sunset in 2016.

- Advocates for better delineation of how the Section 48 credit is calculated for material handling applications. H.R. 1659 and S.1417, the Industrial Fuel Cell Vehicle Act modifies the existing credit to allow them to more smoothly apply to the motive market, while retaining a similar crediting level.

Section 30B Fuel Cell Vehicle Tax Credit

This credit has been in statute since 2005 and suffered an automatic reduction, written into the original statute, bringing the core credit from $3000 to $1500. This reduction, written in 2005, was premised on the idea that fuel cell vehicles would be commercially available. Unfortunately, like other fuel cell systems, fuel cell vehicles are not being widely purchased and commercial introduction is not planned until 2014-2015. However, there is starting to be some commercial use of material handling fuel cells. Plug Power therefore suggests:

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- Modify the credit to allow industrial vehicles to claim the credit, as set forth in H.R. 1659 and S.1417.

- Extend the credit until 2016 or until tax reform has occurred and we have developed more simplified and technology agnostic means by which to ensure continued American leadership in fuel cell technology.

Section 30C Hydrogen Infrastructure Credit

While the Alternative Fuel Infrastructure Credit does expire in the time frame being considered by this Committee, the Hydrogen Infrastructure credit is does not expire until December 31, 2014. This credit applies to on-road alternative fueling infrastructure and is currently capped at $30,000 per system, regardless of whether it's an ethanol refueling, natural gas refueling, or hydrogen refueling system. This level of funding is robust for some systems and negligible for others, particularly hydrogen, refueling for which can cost upwards of $1,000,000 and even more with onsite reforming. This cost is expected to come down significantly, but not without significant volume, which would be assisted by a useful tax credit. Plug Power suggests:

- Increase the cap for hydrogen systems significantly or eliminate the cap for all refueling property so that the relative benefit is the same for all types of infrastructure. This will encourage an "all of the above" approach to alternative fuel vehicles and infrastructure and allow locales to decide on their approach based on their unique needs and resources.

- Include installations for material handling fuel cell equipment, such as fork trucks in warehouses, since these systems are precursors to a large scale refueling infrastructure and can help in early stage build out of such infrastructures.

- Extend the credit through 2016 to line up with the fuel cell tax credit and to better reflect the commercial realities of the fuel cell vehicle market, which isn't expected to start selling commercially until 2014-2015, and even then at fairly small numbers.

- Extend the credit to apply to material handling, off-road vehicle applications.

We would like to emphasize that when a fuel cell and hydrogen project for industrial vehicles is undertaking it is done as a package that includes a suite of fork truck vehicles, as well as the infrastructure to fuel them. Customers require both parts of the equation to be available at a nominal incremental cost, which is reduced by the availability of the infrastructure credit and the

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Grant-in-Lieu. As costs for new technologies are reduced, these credits will no longer be necessary.

In conclusion, we again want to thank you for taking the initiative to thoroughly review tax extenders as we all begin to think about preserving American international leadership in the context of a more simplified tax system in the near future.

Sincerely,

A Marsh

Andrew Marsh
President and CEO

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Title of Hearing: Select Revenue Review of Certain Expiring Tax Provisions

PPG Industries
Bringing innovation to the surface.™

Thomas P. Kerr
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May 8, 2012

PPG Industries urges Congress to extend the wind production tax credit (PTC) as soon as possible

On behalf of the PPG Industries fiber glass employees in Pennsylvania, North Carolina, and South Carolina, I respectfully urge Congress to immediately extend the renewable energy Production Tax Credit (PTC) before the U.S. wind market shrinks significantly in 2013 due to an expired PTC.

Wind turbines require 8000 parts to assemble and utilize fundamental materials, like PPG-produced fiber glass and paint. Although PPG's products are used in other markets, it is the high-growth, high-demand of the wind industry that supports our business and employees. A significant portion of our fiber glass sales are driven by wind energy project development in the U.S. High-growth, high-technology markets like wind energy are the life blood of manufactured goods like fiber glass since they drive the need for our product, the development for new products, and keep our employees gainfully employed. Since 2003, PPG has focused on this emerging market and now as a leading supplier, it is vital for our business to be able to depend on those sales.

An expiration of PTC will negatively impact PPG by slowing down orders for our products ahead of the December 2012 expiration. We will face a repeat of when the PTC expired in the past – installations dropped between 73 and 93 percent with corresponding job losses - except now the impact felt will be much larger since the wind market has grown and 60% of a wind turbine's value is made in the U.S.

If Congress does not renew the PTC by the end of the second quarter, this expiration will halt domestic wind farm development and, as a result, orders for turbines and blades will decrease drastically. The resulting impact for PPG is a drop in fiber glass sales for wind blades prior to the PTC expiration. Since it is not prudent to manufacture product without orders, we will need to begin reducing jobs in the second half of 2012. About 1800 PPG employees depend in part upon the US wind energy development market.

This ripple of decreased investment, development and a shrinking job force will continue throughout the rest of the U.S. wind industry. PPG is only one example. A study by Navigant Consulting shows the U.S. wind market will experience a loss of approximately 37,000 jobs and $10.1 billion in private investment in the first year alone.

On an industry-wide scale, the PTC has proven itself to be an effective tool to keep electricity rates low and encourage development of proven renewable energy projects. Equipped with the PTC, the wind energy industry has contributed impressively to U.S. economic development. Since 2005, the wind industry has spurred more than $60 billion of investment. Today, over 400 facilities across 43 states manufacture for the wind energy industry; PPG has invested and increased manufacturing capacity to support the wind industry growth. With its ability to guarantee firm prices in long-term contracts, wind energy has reduced electricity rate risk for American homes and businesses and provided 35% of all new U.S. power capacity in the last four years. PPG does not believe the PTC should be extended indefinitely; Ideally, Congress should extend it for several years and phase it out, thereby giving the incentive time to work and establish a competitive domestic wind energy infrastructure.

Overlooking an extension of the PTC has already slowed investment and now threatens the health of the entire industry. Before the U.S. wind industry slips down a regressive path, Congress must take action on this now urgent matter. In order to continue to foster the growth of an industry that has contributed to economic development, reinvigorate the American manufacturing sector, and diversify our electricity supply, we urge you to act quickly to extend the PTC. We appreciate your support for America's renewable energy future. If you need any further information on the impacts associated with the PTC, please do not hesitate to contact me.

Sincerely,

Thomas P. Kerr

Thomas P. Kerr
Vice President, Fiber Glass

TPK/CAR

Statement of Proctor and Gamble

THE SUBPART F "LOOK-THROUGH" RULE OF SECTION 954(c)(6): TAX POLICY CONSIDERATIONS

David G. Noren

April 2012

I. INTRODUCTION AND SUMMARY

The United States taxes the worldwide income of U.S.-based companies, but the U.S. tax on the active trade or business income of their foreign subsidiaries—known as controlled foreign corporations, or CFCs—generally is deferred until that income is distributed to the U.S. parent company as a dividend. The Subpart F rules are an exception to this deferral regime and generally are intended to tax currently income that is passive in nature, rather than active trade or business earnings. Prior to 2006, Subpart F income included active business earnings that were redeployed from a subsidiary that earned the income in one country to a subsidiary in another country to expand in the other country or make an acquisition, even though these earnings would not otherwise be considered "passive" in nature.

In 2006, the Congress enacted section 954(c)(6) (the "Look-Through Rule"). The Look-Through Rule allows U.S.-based companies to redeploy their active foreign earnings outside the United States as their business needs may dictate without subjecting the earnings to current U.S. taxation under Subpart F.[1] This rule only applies, however, to the extent that such payments are attributable or properly allocable to active, non-Subpart-F income of the related CFC. Regulatory authority is provided, and has been exercised by the IRS, to prescribe such regulations as may be necessary to prevent the abuse of the purposes of the Look-Through Rule.[2] The Look-Through Rule is temporary and has been included in the last two business tax "extenders" packages. The provision expires under present law for taxable years beginning after the end of 2011.[3]

Partner, McDermott Will & Emery LLP. The views expressed in this paper are the author's own and do not necessarily reflect the views of McDermott or its clients.

[1] The Look-Through Rule accomplishes this result by generally providing that dividends, interest, rents, and royalties received or accrued by one CFC from a related CFC are not subject to U.S. tax on a current basis under Subpart F.

[2] This authority has been exercised thus far through the issuance of a notice, with regulations to follow. *See* Notice 2007-9, sec. 7.

[3] As originally enacted, the Look-Through Rule was set to expire at the end of 2008. In October 2008, the Congress extended the provision by an additional year, through the end of 2009, as part of the extenders package in the Emergency Economic Stabilization Act of 2008. The provision then expired at the end of 2009 but was renewed in December 2010 as part of the extenders package in the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, with retroactive effect to the beginning of 2010 and extending through 2011. The Obama administration's FY 2013 budget proposal would extend the Look-Through Rule through 2013.

This paper examines the tax policy rationale for the Look-Through Rule and describes the rule's impact on some common business structures and decisions of U.S.-based multinational enterprises. The paper also explores the effect of the Look-Through Rule on the competitiveness of U.S.-based multinationals with their foreign rivals, as well as the broader (but related) question of the rule's impact on the competitiveness of the U.S. economy in the world. As explained in detail below, the Look-Through Rule has significant potential to promote competitiveness by removing barriers to the efficient and flexible structuring of business operations and the deployment of active foreign earnings within U.S.-based multinational groups. The Look-Through Rule is an important pro-competitiveness measure under the present-law worldwide system with deferral, and the provision would take on even greater importance as a key structural feature of the international tax rules if the United States were to adopt a territorial dividend exemption system.

This paper also considers technical issues relating to preventing the abuse of the Look-Through Rule to achieve unintended and inappropriate tax benefits. As discussed below, potential abuses of the provision appear to be fairly narrow. In addition, the Look-Through Rule provides Treasury and the Service ample authority to address any future abuses that may come to light, and there is every reason to expect that this authority will be exercised energetically in appropriate circumstances.

On balance, making the Look-Through Rule permanent or enacting a long-term extension of the rule would do a great deal to promote the efficiency and competitiveness of U.S.-based companies that operate globally, while posing no significant threat of harm in the form of opportunities for inappropriate tax-avoidance behavior or incentives to shift business investment abroad.

II. LEGISLATIVE HISTORY AND TAX POLICY RATIONALE

A. Legislative History

In 2002, 2003, and 2004, versions of the Look-Through Rule appeared in several of the international tax bills that eventually culminated in the American Jobs Creation Act of 2004 ("AJCA").[4] These provisions were substantially similar to the Look-Through Rule as it was eventually enacted in 2006, with the most notable difference being that the earlier provisions all would have been permanent, as opposed to temporary. The earlier look-through provisions enjoyed considerable bipartisan support as AJCA worked its way through the Congress, were reported favorably by both the Ways and Means Committee and the Finance Committee, and were approved in floor votes in both the House and the Senate. However, the provision was removed from the AJCA conference agreement at the very end of conference negotiations, reportedly due to overall revenue considerations, as opposed to any substantive concern about the provision.

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[4] *See* H.R. 5095, 107th Cong., 2d Sess. (2002), sec. 302; H.R. 2896, 108th Cong., 1st Sess. (2003), sec. 1103; S. 1637, 108th Cong., 1st Sess. (2003), sec. 222; H.R. 4520, 108th Cong., 2d Sess. (2004), sec. 311.

The legislative history from 2003 and 2004 indicates the Congress's conclusion that the U.S. international tax rules and, in particular, the anti-deferral rules of Subpart F, unduly interfered with business decisions regarding the deployment of active foreign earnings within a U.S.-based multinational group.[5] In addition, the Senate legislative history notes that the tax cost imposed by prior-law Subpart F upon the movement of capital often could be avoided by taxpayers anyway (alluding to common planning under the check-the-box entity classification regulations), and implies that the results achieved through such planning are appropriate and should be made more widely and readily available to taxpayers.[6] The House legislative history emphasizes the competitiveness concerns raised by prior law's restrictions on the redeployment of funds, noting that most foreign-based multinationals do not labor under such restrictive regimes and thus enjoy greater flexibility in structuring and funding their foreign investments.[7]

After almost four years of Congressional consideration and near-enactment in 2004, the Look-Through Rule was eventually enacted in May 2006, as part of the Tax Increase Prevention and Reconciliation Act of 2005[8] ("TIPRA"). The Ways and Means Committee report and the Joint Committee staff's Bluebook explanation of the Look-Through Rule as enacted include the same policy discussion that was included in the House legislative history described and quoted above.[9]

The legislative history thus makes it clear that the Congress enacted the Look-Through Rule in order to remove impediments to efficient business decision-making concerning the redeployment of active foreign earnings within a U.S.-based multinational group, in part due to concerns that these impediments were placing U.S.-based multinationals at a competitive disadvantage relative to foreign-based multinationals. The legislative history does not explain why the provision was enacted on a merely temporary basis. However, the use of the same explanatory language to describe both the earlier permanent versions of the provision and the eventually enacted

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[5] *See, e.g.*, S. Rep. 108-192, 39 ("The Committee believes that present law unduly restricts the ability of U.S.-based multinational corporations to move their active foreign earnings from one controlled foreign corporation to another.").

[6] *See* S. Rep. 108-192, 39 ("In many cases, taxpayers are able to circumvent these restrictions as a practical matter, although at additional transaction cost. The Committee believes that taxpayers should be given greater flexibility to move non-Subpart-F earnings among controlled foreign corporations as business needs may dictate.").

[7] *See* H.R. Rep. 108-548, Part 1, 202-03 ("Most countries allow their companies to redeploy active foreign earnings with no additional tax burden. The Committee believes that this provision will make U.S. companies and U.S. workers more competitive with respect to such countries. By allowing U.S. companies to reinvest their active foreign earnings where they are most needed without incurring the immediate additional tax that companies based in many other countries never incur, the Committee believes that the provision will enable U.S. companies to make more sales overseas, and thus produce more goods in the United States."); H.R. Rep. 108-393, 102 (including similar language).

[8] Although the bill passed in 2006, it was enacted pursuant to the FY 2005 budget reconciliation instructions.

[9] *See* H.R. Rep. 109-304, 45 (including the same "Reasons for Change" as H.R. Rep. 108-548, quoted above at note 7); JCS-1-07, 267 (same).

temporary version strongly indicates that revenue considerations, as opposed to any doubt about the provision's policy merits, caused the Congress to enact the provision on a temporary basis.

The Congress revisited the Look-Through Rule later in 2006 and again in 2007, making certain technical corrections to the provision in connection with the Tax Relief and Health Care Act of 2006 and the Tax Technical Corrections Act of 2007, as described below.

In addition, as noted above, in October 2008 the Congress extended the provision by an additional year, through the end of 2009, as part of the tax extenders package in the Emergency Economic Stabilization Act of 2008. Then, after allowing the provision to expire at the end of 2009, the Congress in December 2010 extended the provision retroactively to the beginning of 2010 and through the end of 2011, as part of the extenders package in the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. The Obama administration's FY 2013 budget proposal, released February 13, 2012, would extend the Look-Through Rule through 2013.

B. **Tax Policy Rationale**

1. **Remove Obstacles to the Foreign-to-Foreign Redeployment of Active Foreign Business Income**

As the legislative history indicates, the fundamental tax policy rationale for the Look-Through Rule is to ensure that the U.S. tax system does not unduly interfere with the ability of U.S.-based businesses to redeploy their active, non-Subpart-F foreign earnings abroad as their business needs may dictate. Provided that the earnings represent active, non-Subpart-F business income, and thus are subject to deferral of U.S. tax when earned by the group, no good tax policy purpose is served by terminating deferral and thus subjecting the earnings to U.S. tax merely because the group moves the earnings of one CFC to a different CFC, often in another country, based on the two CFCs' relative business needs.

The Look-Through Rule thus addresses a specific problem that arose under prior law. Prior-law Subpart F generally lumped together truly passive flows of income into the group (e.g., interest received by a subsidiary on a portfolio securities investment) with redeployments of active earnings within the group (e.g., an intercompany dividend of earnings from a CFC in a mature market to a CFC in need of funding in a start-up market). The core concern of Subpart F is that truly passive flows might be placed in low-tax jurisdictions for tax reasons. The latter situation, in which active earnings are redeployed from one active business to another active business based on business needs, falls outside this core concern, thus rendering the prior-law rules overbroad in this respect. Although the "same-country" rules of section 954(c)(3) remedied this over-breadth to some extent, these rules are of course fairly limited in their scope and effect, as business needs frequently call for the redeployment of active foreign earnings from one foreign country to another.[10]

[10] It is worth noting that the other key anti-deferral regime under U.S. law, the passive foreign investment company ("PFIC") regime, includes a look-through rule broadly similar to the Look-Through Rule discussed here. See sec. 1297(b)(2)(C). Although the Subpart F and the PFIC regimes serve somewhat different purposes, the PFIC look-

(continued...)

The Look-Through Rule recognizes this business reality and enables U.S.-based multinationals to make group funding decisions on a more flexible basis, with less distortion by U.S. tax considerations. Without this flexibility in the funding of business operations in the recent financial crisis, conditions in the credit markets would have made access to other sources of funding more difficult and unduly expensive in many cases. The continued availability of the Look-Through Rule allowed U.S.-based multinationals to use internally generated cash to fund their foreign operations in this challenging environment.

At the same time, the Look-Through Rule does nothing to weaken Subpart F as applied to its core concerns of passive income being earned by a U.S. company through low-tax subsidiaries. If a U.S. company seeks to earn passive or other Subpart F income through a low-tax subsidiary, the Look-Through Rule does nothing to defeat the application of Subpart F to this income. Even after the Look-Through Rule is applied to a particular CFC-to-CFC payment, the CFC receiving the payment remains subject to the general rules of Subpart F. Thus, if the funds are invested by that CFC passively, the return on that investment will remain subject to Subpart F. Similarly, if the funds are actually or effectively repatriated to the U.S. parent, current U.S. tax will be triggered. Only by investing the funds in active business operations does the CFC maintain U.S. tax deferral on the return on the investment of the funds.

The Look-Through Rule thus affords U.S. businesses the flexibility necessary to make key business-driven funding decisions with respect to foreign operations, without compromising the core policy concerns of Subpart F.[11]

2. **Other Avenues of Relief Inadequate**

a. "Check-the-box" regulations

As the Senate Finance Committee noted in 2003, many taxpayers have been able to achieve some of the flexibility described above without the Look-Through Rule, through the use of the "check the box" entity classification regulations, which effectively disregard transactions between certain types of related foreign businesses. By way of background, it has long been axiomatic that taxpayers are entitled to select the forms in which they conduct business around the world, and thus may choose to operate through corporations, partnerships, branches, or other types of entities in various markets. Prior to the check-the-box regulations, the classification of entities for Federal tax purposes was governed by a multi-factor test that was widely viewed as cumbersome and administratively costly, but ultimately flexible in allowing taxpayers to achieve their desired classifications. The check-the-box regulations, which came into effect in 1997, generally allow taxpayers simply to elect to treat many business entities either as corporations or

through rule reflects a Congressional understanding that intercompany payments of items like dividends and interest present entirely different tax policy concerns from those presented by truly passive items like portfolio dividends and portfolio interest, and that failing to make this distinction can create undue burdens on business structuring and decision making.

[11] The possibility of another policy concern, relating to the reduction of foreign taxes, is considered in part II.B.3 below.

as partnerships, or, in the case of a single-member entity, to disregard the entity as separate from its owner, rather than undertaking the multi-factor analysis that was required under prior law.[12] Where an entity is "disregarded" under these regulations, it is effectively treated for tax purposes as a part of its owner. The owner is treated as directly owning all of the entity's assets, bearing all of its liabilities, and conducting all of its activities. Accordingly, the entity's income and expense items are regarded as those of the owner, with transactions between the entity and the owner being disregarded.

By disregarding these transactions, the check-the-box regulations in some cases mitigate the over-breadth of Subpart F described above. For example, if a CFC generates sufficient earnings from operations, and another CFC in a different country needs funds to expand its operations, a dividend of the excess funds from the first CFC to the second CFC (or from the first CFC to a CFC holding company, followed by a capital contribution to the second CFC) would trigger a Subpart F inclusion. However, if the second CFC is instead a "checked" entity wholly owned by and disregarded as separate from the first CFC (or if both CFCs are instead "checked" entities of a third CFC), then the dividends are disregarded for tax purposes, and thus no Subpart F inclusion results from the redeployment of the funds. Thus, in many circumstances, the check-the-box regulations have enabled taxpayers to make efficient cash redeployment decisions by employing fewer CFCs and more disregarded entities in their structures.

The check-the-box regulations represent only an incomplete (and accidental) solution to this problem, however. First, even for those taxpayers able to make use of strategies like the one described above, establishing the structure may require incurring considerable transaction costs and managing complex interactions of the structure with other aspects of the taxpayer's tax compliance and planning under the foreign tax credit regime, Subpart F, and other rules. If it is considered desirable to allow U.S.-based businesses to redeploy their active foreign earnings abroad without triggering Subpart F—which the Congress apparently believes it is, based on both the 2003 Senate Finance Committee report and the Congress's longstanding general acquiescence to the use of these well-known planning techniques—then it is surely more desirable to provide for this result directly under the statute, rather than requiring taxpayers to undertake costly "self help" measures requiring conversion of entities and other expensive measures. The check-the-box solution, even where available, imposes socially wasteful costs that are eliminated by the Look-Through Rule's more direct approach.

In addition, many taxpayers are simply not able to use the check-the-box regulations in this manner, because they are required to conduct business through entities that are treated as per se corporations (i.e., are not "checkable") under the regulations. For example, companies in certain industries, such as insurance, banking, and other regulated industries, may be required under local law to operate through corporate entities that are not "checkable" under the regulations. Taxpayers in these industries thus continue to face considerable barriers to the efficient foreign-to-foreign deployment of their active foreign earnings. In addition, certain jurisdictions, including major U.S. trading partners such as Canada and Japan, do not offer suitable non-per-se entities as a matter of local corporate and business law or local custom with respect to how

[12] *See* Treas. Reg. Sec. 301-7701-1, *et seq.*

business is conducted. Thus U.S.-based multinationals with significant operations in these countries have less flexibility with respect to funding decisions involving these operations.

b. Same-country exception

As noted above, the "same-country" rules of section 954(c)(3) afford taxpayers limited relief from the general over-breadth of Subpart F, but only when active business earnings are redeployed between subsidiaries in the same country. Furthermore, even with respect to such same-country flows, the statute and regulations have failed to keep pace with developments in international business and regulatory practices, with the result that some taxpayers may not be able to make same-country CFC-to-CFC dividends without triggering current U.S. tax under Subpart F.

For example, the European Union's adoption of a single-licensing regulatory regime for financial institutions has allowed U.S.-based financial institutions to open branches throughout Europe under a single European CFC. This development obviously entails that such a CFC will own significant assets outside its country of organization. However, under the Subpart F regulations, this fact weighs against such a CFC in attempting to qualify for the benefits of the same-country rule in connection with a dividend to its own same-country parent, because the regulations generally require that more than half the dividend-paying CFC's assets be business assets located in its country of incorporation.[13] Thus, even a same-country dividend can encounter obstacles under Subpart F in certain cases involving modern business models.

c. High-tax exception

Another possible avenue of relief, the so-called high-tax exception of section 954(b)(4), also fails to allow a significant degree of flexibility in foreign-to-foreign redeployment of active foreign earnings. Under the high-tax exception, certain items that otherwise would trigger Subpart F inclusions are excluded from Subpart F, provided such items were subject to foreign tax at a rate in excess of 90 percent of the top U.S. corporate tax rate (i.e., more than 31.5 percent, based on a U.S. corporate rate of 35 percent). Although appealing in theory, the high-tax exception has substantially failed as a matter of practice, due in large part to the difficulties in establishing to the Service's satisfaction that the foreign tax threshold is met, under computations involving highly complex interactions among foreign tax rules, U.S. tax rules, and U.S. earnings and profits calculations. Moreover, even assuming that a taxpayer can tame this complexity and uncertainty, the standard is becoming increasingly difficult to satisfy, as countries throughout the world have lowered their corporate income tax rates in recent years. Although the high-tax exception in concept might be relied upon to ensure that Subpart F does not affect "real" business operations conducted in the world's major industrial democracies, the fact is that the vast majority of important U.S. trading partners (including, for example, Canada, China, Mexico, Germany, the United Kingdom, Australia, Italy, and Sweden) now have corporate income tax rates below 31.5 percent.

[13] *See* Treas. Reg. sec. 1.954-2(b)(4)(i)(A), -2(b)(4)(iv).

3. Foreign-to-Foreign "Deflection" Not a U.S. Tax Policy Problem

In view of the general over-breadth of Subpart F with respect to related-party foreign-to-foreign payments and the limits and flaws of other avenues of relief under the statute and regulations, the Look-Through Rule serves an important purpose in allowing U.S. companies the flexibility necessary to make efficient decisions with respect to the redeployment of active foreign earnings. This has proved particularly important under economic conditions in which access to other sources of funding has been difficult. As explained above, the rule accomplishes this goal without compromising the effectiveness of Subpart F as applied to the core concern of covering truly passive income earned through low-tax subsidiaries. Some have argued, however, that another important goal of Subpart F is to prevent the "deflection" of income from high-tax foreign jurisdictions to low-tax foreign jurisdictions (also described as foreign-to-foreign "base erosion" or "stripping"). Under this view, the application of Subpart F to related-party payments that are generally deductible by the payor under foreign tax law (i.e., interest, rents, and royalties) serves an important purpose by defending the tax bases of higher-tax foreign jurisdictions.

This view is misguided, for a number of reasons. First, the world's higher-tax countries, including the United States, are rightly concerned about defending their own tax bases from being eroded through deductible related-party payments, and most such countries have enacted robust regimes to control such base erosion. The erosion of a foreign country's tax base is not a subject of obvious concern to U.S. tax policy makers. Indeed, to the extent that a foreign subsidiary of a U.S. company does reduce its foreign tax liability through deflection strategies, the U.S. fisc actually benefits, as reduced foreign taxes will translate into reduced foreign tax credits against residual U.S. taxes when foreign earnings are repatriated.[14]

It has been argued that the ability to deflect income from one foreign country to another may distort investment decisions, by rendering foreign investment more attractive on an after-tax basis than U.S. investment, thereby violating a principle described by its proponents as "capital export neutrality." This concern does not accurately reflect how location decisions are actually made in the vast majority of situations. Location decisions with respect to customer markets are very much customer-driven. In other words, a U.S.-based multinational simply needs to have a large presence in the major EU countries, and in countries like Canada, Japan, and Australia. Once a company is there in, say, Germany, serving German customers, that company of course may engage in permissible planning to reduce the German tax liability. Again, the primary effect of this activity is to reduce German taxes, a problem to which countries like Germany understandably have devoted significant energy. The secondary effect of this activity is to increase U.S. taxes, by reducing the amount of German taxes that the United States eventually must allow as a foreign tax credit. The notion that the ability to base-erode Germany may give a U.S.-based multinational an incentive to locate activities outside the United States is much more speculative and remote.

[14] This revenue benefit would of course be less of a factor under a territorial dividend exemption system, because such a system would significantly reduce the role of the foreign tax credit in mitigating the double taxation of CFC earnings. The importance of preserving the Look-Through Rule for other reasons under a territorial dividend exemption system is discussed in part VI below.

Tax considerations have at most a very limited impact on a company's basic investment location decisions, which are overwhelmingly determined by the location of customer markets and access to the necessary human capital and other resources needed to run the business. The opportunity to deflect some income from Germany into a lower-tax country—which opportunity again will be constrained, as well it should be, by specific rules of German tax law—is not likely to cause a U.S.-based multinational to set up or expand a manufacturing plant, or to open a bank branch, in Germany instead of doing so in the United States. There are simply too many other more important variables for a company to consider in making these types of decisions. Financing decisions, on the other hand, are much more prone to distortion by tax rules, because financing decisions are less tethered to concerns specific to the underlying business operation and are overwhelmingly driven by a need to minimize the cost of capital. Thus, a tax rule that interferes with a U.S.-based multinational's ability to finance its foreign operations with its active foreign earnings, based on concerns relating to foreign base erosion, not only fails to influence basic location decisions but also manages to distort financing decisions and effectively to increase the cost of capital for U.S.-based companies. This is a cost increase that American businesses can ill afford, particularly because their foreign competitors suffer no such cost increase.

In recognition of these realities, the Congress in recent years has by and large rejected capital export neutrality and deflected income as tax policy concerns, and has specifically indicated that pure foreign-to-foreign base erosion is not a phenomenon with which the U.S. tax system need be concerned. This matter was squarely at issue when Treasury and the Service issued Notice 98-11 and the related proposed regulations, which attempted to prevent foreign-to-foreign stripping in the wake of the issuance of the check-the-box regulations. Under considerable pressure from the Congress, Treasury and the Service abandoned this project, making it clear that theoretical concerns about deflected income and capital export neutrality did not justify interfering with the ability of companies to redeploy funds abroad in the most efficient manner possible. More recently, as noted above, the Senate Finance Committee implicitly endorsed this view, suggesting that the then-proposed look-through provision should be enacted in order to make more readily available strategies of the kind that Notice 98-11 and the related proposed regulations had aimed to prevent.

III. PRACTICAL IMPACT OF LOOK-THROUGH ON COMMON BUSINESS STRUCTURES

The Look-Through Rule enables U.S. companies to make efficient structuring, financing, and cash management decisions with less distortion in the form of tax considerations. It also ensures that foreign earnings of a foreign subsidiary that may be in excess of the day-to-day needs of that subsidiary will tend to be tapped by a U.S. global company to expand in other countries overseas, rather than redeploying earnings from the United States to finance overseas expansion.

For example, companies often organize themselves for business reasons on a regionalized basis, with regional holding companies owning and managing a number of different CFCs in their various regions. Often one of these CFCs will be well-established in its national market, and will be generating profits in that market that could be put to their best use by being invested in another CFC in the region, which may be in a start-up mode or may otherwise face significant funding needs. In such a case, regional management may determine that the most efficient funding method would be to have the well-established CFC pay a dividend up to the regional holding company, which then would contribute the funds down into the CFC that needs the funds.

This kind of foreign-to-foreign funding mechanism makes sense from a non-tax perspective, but prior-law Subpart F made it overly costly and inefficient. With an extra U.S. tax cost being imposed on the use of internal foreign funds to finance the CFC start-up operation, the company could be forced to choose between either costly external borrowing or disinvestment from its U.S. business, or both, as its remaining funding options (as the U.S. parent corporation can always contribute cash down a multinational corporate chain free of U.S. tax cost). Oddly, the pre-Look-Through Subpart F rules thus not only created an impediment to efficient business decision making, but in doing so created incentives to export capital from the United States in order to finance foreign investment—clearly not a result that capital export neutrality proponents should endorse. The Look-Through Rule removes these impediments, frees companies to employ what should be an entirely uncontroversial and sensible business funding method, and in doing so reduces the distortion of funding decisions by tax considerations, which in some cases may prevent funds from leaving the United States.

Similar examples of such funding needs and decisions abound. Banks, for example, must satisfy capital requirements in each new country into which they expand, thus creating funding needs in foreign locations other than those in which excess funds have historically been generated. In any industry, a company pursuing a strategy of growth by acquisition constantly faces funding needs in foreign markets other than those in which it is currently generating profits. Across industries, the ability to direct active foreign earnings from a CFC with funds in excess of its needs to a CFC with needs in excess of its funds is a valuable tool for a company to have at its disposal, entirely apart from tax considerations. The Look-Through Rule allows these strategies to be implemented on a more tax-neutral basis.

IV. IMPORTANT COMPETITIVENESS ISSUES AT PLAY

Calibrating the U.S. tax system so that it is in tune with today's global economy is a critical issue for policymakers. U.S. companies compete across many different geographic regions, locating operations and regional headquarters where they can best serve nearby markets. They hire talented employees from many different cultures and countries. Their expansion and competitive strength depend not just on U.S. talent and operations in the United States. Rather, their vitality depends on a blend of talents and operations from around the world. Their competitors are nimble and typically are subject to residence-country tax systems that permit them to move capital and enter into efficient means of funding without incurring home-country tax on these movements. This reality is a different one from that faced by U.S. companies and the U.S. economy some 20 or 30 years ago. The Look-Through Rule helps to level the playing field for U.S. companies in today's global economy.

Most foreign-based multinationals with which U.S.-based multinationals compete do not face the sort of impediments presented by pre-Look-Through Subpart F in making funding decisions like the ones described above. Imposing U.S. tax when U.S. companies seek to expand their businesses creates a drag on U.S. companies' efforts to compete and grow in foreign markets, because they face a tax cost that generally is not suffered by their foreign-based competitors. This added tax cost can make U.S. companies flat-footed relative to their competitors in responding to acquisition and expansion opportunities and, as described above, can even force the export of capital out of the United States in order to finance foreign opportunities. Such trade-offs and costs should not be imposed unless it is clear that something sufficiently worthwhile is being accomplished from a tax policy perspective.

U.S. policymakers should be concerned when U.S. companies face barriers to competing effectively in foreign markets with foreign-based companies that are not subject to CFC regimes as expansive as the U.S. Subpart F regime. For example, a European-based bank operating through subsidiaries throughout Europe typically can meet the capital needs of all of its growing businesses by paying dividends between foreign subsidiaries, or from one subsidiary in, say, Germany to the parent and then back down to a subsidiary in, say, the United Kingdom, without ever incurring home-country tax. The Look-Through Rule permits a U.S.-based financial institution operating in Germany and desiring to efficiently redeploy excess capital to a U.K. subsidiary to do so in a similar manner.

Nothing worthwhile is accomplished by subjecting foreign-to-foreign intercompany dividends of active earnings to current U.S. taxation, and the supposed benefit of subjecting other foreign-to-foreign intercompany redeployments of active earnings to current U.S. taxation is dubious at best and has been rejected by the Congress. The Look-Through Rule thus represents an important step in the direction of promoting the efficiency and competitiveness of the U.S. economy, and is a step that can be taken without doing harm to any important tax policy objective.

V. ANTI-ABUSE ISSUES

Shortly after the enactment of the Look-Through Rule in 2006, it became known that some tax advisors and taxpayers were considering structures that would attempt to use the rule not to accommodate foreign-to-foreign deployments of funds, but rather as a means to erode the U.S. tax base with respect to U.S.-source income and other income effectively connected with a U.S. trade or business. In response, appropriate technical corrections were quickly introduced in, and passed by, the Congress.[15] Treasury and the Service also responded promptly with an anti-abuse notice.[16] These measures have made it clear that, although the Look-Through Rule is designed to provide considerable flexibility in the redeployment of active foreign earnings abroad, the use of the provision to erode the U.S. tax base with respect to U.S. business activities will not be tolerated. Proponents of the Look-Through Rule supported these anti-abuse measures and remain supportive of the government's anti-abuse orientation in this regard.

Although it is doubtful that any significant further potential for abuse exists, given that U.S. base erosion has been prevented, and foreign base erosion is rightly recognized as not constituting an abuse, it is noted that the statute provides ample regulatory authority to address any unanticipated abuses that may surface in the future. Based on the Look-Through Rule's history

[15] *See* P.L. 109-432, sec. 426(a); *see also* P.L. 110-172 (H.R. 4839), sec. 4(a).

[16] *See* Notice 2007-9, sec. 7. The notice also addresses other narrow possibilities for abuse, involving effective repatriations and the use of various artifices to qualify payments other than true intercompany payments for the benefits of the provision.

to date, there is every reason to expect that any future abuses will be met with a quick and robust response, with the strong support of the many companies that are interested only in using the Look-Through Rule for its intended purposes.

VI. LOOK-THROUGH RULE WOULD REMAIN IMPORTANT UNDER A TERRITORIAL DIVIDEND EXEMPTION SYSTEM

In light of policy makers' current interest in tax reform, and the series of recent proposals to adopt a territorial dividend exemption system, it should be noted that the Look-Through Rule would be particularly important to the operation of a territorial dividend exemption system. One of the primary efficiency gains from adopting a territorial dividend exemption system would be to remove present-law distortions of cash-management decisions by eliminating (or significantly reducing) the tax drag on redeployments of foreign earnings in the United States. Under such a system, the Look-Through Rule would serve a critical function of ensuring that foreign earnings that are intended to be subject to exemption under the new system are not subjected to full U.S. tax as they are distributed up through a chain of CFCs. It would make little sense to go to the effort of adopting a territorial system only to limit the territorial approach to those active business earnings that happen to be generated at the first tier of CFCs.

For this reason, the Joint Committee staff's 2005 proposal specifically emphasized that "a special rule would provide that no subpart F inclusions would be created as a dividend moves up a chain of CFCs" in a typical corporate structure, in order to "ensure that dividends could be repatriated from lower-tier CFCs without losing the benefit of dividend exemption" and to "make it easier to redeploy CFC earnings in different jurisdictions without triggering subpart F, thus promoting neutrality as to the decision of how to dispose of CFC earnings."[17] The International Tax Reform Discussion Draft released in October 2011 by Ways & Means Committee Chairman Dave Camp includes rules designed to accomplish this result.

More broadly, aside from the particular importance of the Look-Through Rule in facilitating the intended operation of a dividend exemption system, issues involving the nature and scope of Subpart F are essentially similar under worldwide deferral-based systems and territorial dividend exemption systems. Under either kind of system, special rules are typically provided to ensure current, full-rate taxation of passive or highly mobile income that otherwise might easily be shifted to tax havens, while at the same time not dragging foreign earnings from active business operations into this net. As the Joint Committee staff observed, "the desirability of various proposals that the Congress may wish to consider in this area is largely independent of the question of whether to adopt a dividend exemption system or to retain the present-law worldwide, deferral-based system."[18] The efficiency and competitiveness benefits provided by the Look-Through Rule (with respect to interest, rents, and royalties, in addition to dividends) would remain important under a territorial system, as would the various conditions and

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[17] *See* Joint Committee on Taxation, *Options to Improve Tax Compliance and Reform Tax Expenditures*, JCS-02-05 (Jan. 27, 2005), at 190. The author worked on this report while a member of the Joint Committee staff.

[18] *See supra*, at 194.

restrictions imposed under the provision and the related guidance in order to protect against the erosion of the U.S. tax base.

VII. **CONCLUSION**

The Look-Through Rule has the potential to remove significant obstacles to the efficient conduct of business by U.S. companies, thereby conferring considerable benefits to the U.S. economy, while compromising no important tax policy goals and presenting no significant opportunities for abuse. Unfortunately, only a fraction of the potential benefit from the Look-Through Rule has been realized thus far, due to widespread concerns about the potential expiration of the provision. These concerns have caused many companies to refrain from modifying their structures to make use of the provision, for fear that they might have to modify them again at considerable expense if the provision expires. Although these concerns have been mitigated to some extent by the recent extensions of the provision, significant uncertainty remains, preventing taxpayers from realizing the full benefit of the provision. Much more benefit would accrue to the U.S. economy through the more efficient expansion of U.S.-based businesses seeking to serve customers in markets around the world if the Congress were to make the Look-Through Rule permanent or extend it for a significant term, whether in the context of the present-law worldwide deferral-based system or under a potential territorial dividend exemption system.

Statement of Qualtek Mfg. Inc.

Committee Members,

I Christopher Fagnant, Director of E. for Qualtek Mfg Inc. in Colorado Springs, Colorado respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Quida Jacobs

Quida Jacobs

1220 Marseille

Miami Beach, FL 33141

Qlj888@yahoo.com

Hearing on Certain Expiring Tax Provisions

I am writing to respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

STATEMENT OF THE R&D CREDIT COALITION

SUBMITTED FOR THE RECORD OF THE HEARING ON

"CERTAIN EXPIRING TAX PROVISIONS"

BEFORE
SELECT REVENUE MEASURES SUBCOMMITTEE
COMMITTEE ON WAYS AND MEANS

ON

APRIL 26, 2012

Introduction

The R&D Credit Coalition welcomes the opportunity to provide comments for the record of the April 26, 2012, Committee on Ways & Means, Select Revenue Measures Subcommittee ("Committee") hearing to examine "certain expiring tax provisions."

The R&D Credit Coalition thanks Select Revenue Measures Subcommittee Chairman Tiberi and Ranking Member Neal for giving Members the opportunity to discuss important tax extender provisions, such as the Research & Development ("R&D") tax credit. In addition, we would like to thank Ways & Means Committee members Kevin Brady (R-TX) and John Larson (D-CT) for their leadership in sponsoring, H.R. 942, legislation that would provide a strengthened and permanent R&D tax credit. The credit expired on December 31, 2011, and we look forward to continuing our work with them to advance a seamless extension that would give U.S. businesses the certainty and incentives they need to maintain and increase R&D jobs here in the U.S.

The R&D Credit Coalition is a group of more than 100 trade and professional associations and hundreds of small, medium and large companies that collectively represent millions of American workers engaged in U.S.-based research throughout major sectors of the U.S. economy, including aerospace, agriculture, biotechnology, chemicals, electronics, energy, information technology, manufacturing, medical technology, pharmaceuticals, software and telecommunications.

Although the make-up of the R&D Credit Coalition is diverse, the member companies share a major characteristic—they collectively spend billions of dollars annually on research and development, which provides high-wage and highly-skilled jobs in the United States. The companies must decide where they are going to invest their research dollars—here in the U.S. or abroad. The high U.S. corporate tax rate and the temporary nature of the U.S. R&D tax credit, compared to the lower corporate tax rates and more attractive research incentives, often permanent, in most other developed countries, are key factors that companies consider in determining where they are going to create R&D jobs.

Even before the U.S. R&D credit expired at the end of 2011, a company claiming the credit on average only realized an effective credit rate of 6%. In addition, the U.S. required that the corporate income tax deduction for R&D expenses be reduced by the amount of any R&D credit.

Thus, the failure to date of Congress to seamlessly extend the R&D tax credit, retroactive to January 1, 2012, will likely have a dramatic impact on both the number and location of R&D jobs in the U.S., as well as on the ability of U.S. companies to compete effectively in the global marketplace. Given the Committee's focus on finding a long-term solution for tax extenders within the context of tax reform, the R&D Credit Coalition urges Congress to pass a strengthened and permanent credit in the short-term, with a seamless effective date to ensure that R&D jobs remain here in the U.S.

Discussion

The R&D tax credit, originally enacted in 1981, has been an important incentive in spurring private sector investment in innovative research by companies of all sizes and in a variety of industries. The enactment of this incentive helped establish the U.S. as a leader in cutting-edge research. In fact, during the 1980s, the U.S. was the leader among OECD countries in providing the best R&D incentives for companies. However, in recent years, many of our foreign competitors have instituted more generous and often permanent R&D incentives. As a result, the U.S. today ranks 24th in research incentives among industrialized countries[1].

In contrast to the more robust—and usually permanent—incentives offered by a number of other countries, the temporary nature of the U.S. R&D tax credit makes it a less powerful incentive in terms of a company's R&D budgets and decisions on where to locate new R&D activities. The certainty of a strengthened, permanent credit, especially in a tax reform environment, is critical to maintaining U.S. leadership in advanced research and to encouraging U.S. companies to continue to spend R&D funds here in the U.S.

The R&D credit has a significant impact on private R&D spending. A recent study by the Center for American Progress concludes that, "the credit is effective in the sense that each dollar of foregone tax revenue causes businesses to invest at least an additional dollar in R&D.[2]" In addition, according to a recent study by Ernst & Young, "In total, the overall policy – the existing credit plus strengthening the alternative simplified credit – is estimated to increase annual private research spending by $15 billion in the short-term and $33 billion in the long-term."[3]

As noted above, many other countries offer *both* lower corporate tax rates and more attractive R&D incentives[4]. Accordingly, the U.S. should not engage in an "either/or" debate with respect to lower marginal rates and boosting U.S. job creation through R&D incentives when looking at options to reform the corporate tax code.

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[1] OECD, "Science, Technology and Industry Scorecard," December 2009, p. 79.
[2] Center for American Progress, "The Corporate R&D Tax Credit and U.S. Innovation and Competitiveness," by Laura Tyson and Greg Linden, January 2012, p.2.
[3] Ernst & Young, "The R&D Credit: An effective policy for promoting research spending," September 2011, p. i.
[4] Deloitte, "Global Survey of R&D Tax Incentives," July 2011.

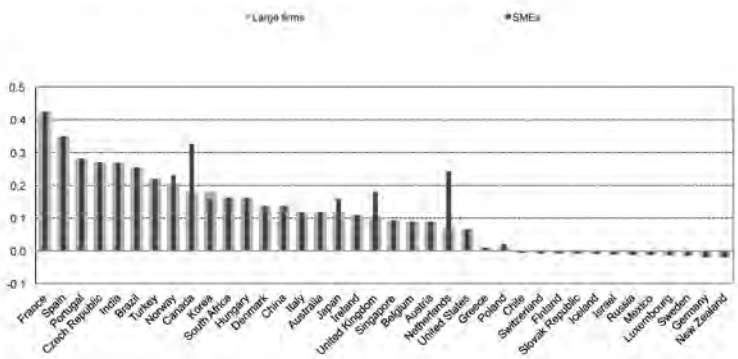
Moreover, it is important to note that the R&D credit is a *jobs* credit—with 70 percent of credit dollars used to pay the salaries of high skilled R&D workers in the U.S. The E&Y study also stated that, "the credit and its enhancement is estimated to increase research-related employment by 140,000 in the short term and 300,000 in the long-term."[5]

International R&D Tax Incentives

The U.S. must maintain a globally competitive tax system that supports high-skilled, high-paying jobs, here in the U.S. Failure to seamlessly extend the credit as soon as possible and failure to permanently strengthen the R&D tax credit will put current jobs at risk of moving abroad, and jeopardize the expenditure of R&D funds in the U.S. Research and development will continue; the question is where will the R&D jobs be located.

While the United States has offered an "on-again, off-again" incentive for more than 25 years, the number of OECD countries offering some sort of incentive for research has grown dramatically in recent years as countries attempt to become leaders in research. The U.S. share of global R&D fell from 39 percent in 1999 to 33 percent in 2007.[6] In addition, the following OECD chart shows that in 2009, the United States ranked 24 among 38 industrialized countries offering R&D tax incentives.[7]

OECD Science, Technology and Industry Scoreboard 2009 - OECD © 2009 - ISBN 9789264063716
Tax subsidy rate for USD 1 of R&D, large firms and SMEs, 2008



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[5] Ernst & Young. "The R&D Credit: An effective policy for promoting research spending." September 2011, p.11.
[6] OECD, Ministerial Report on the OECD Innovation Strategy, May 2010, p. 8.
[7] OECD. "Science, Technology and Industry Scorecard." December 2009, p. 79.

A recent National Science Board report concluded that the United States' lead in science and technology is "rapidly shrinking" as R&D jobs and overall R&D spending continue to increase faster outside the U.S. than here at home. The report shows that "between 1999 and 2009…the U.S. share of global research and development (R&D) dropped from 38 percent to 31 percent, whereas it grew from 24 percent to 35 percent in the Asia region during the same time.[8]"

Bipartisan Support for a Strengthened, Permanent Research & Development Incentive

On a positive note, there is broad and bipartisan support for extending the credit. Every Administration has supported the R&D tax credit since it was enacted. In a March 2011 study, the Treasury Department noted that, "[T]wo years ago, the President set an ambitious goal of achieving a level of research and development that is the highest share of the economy since the space race of the 1960's – 3 percent of GDP – a commitment he re-emphasized in his State of the Union address in 2011. The R&D tax credit is a vital component of achieving this goal and helping us out-innovate our competition. This is why, in addition to making it permanent, the President proposed…to expand and simplify the credit, making it easier and more attractive for businesses to claim this credit for their research investments. This proposal was subsequently included in the President's FY 2012 and FY 2013 Budget(s) and should be part of the reform of our corporate tax system currently under consideration."[9]

Moreover, Congress has extended the credit 14 times since it was first adopted in 1981. In 2011, Senate Finance Committee Chairman Max Baucus (D-MT) and Ranking Member Orrin Hatch (R-UT) introduced S.1577, The Greater Research Opportunities With Tax Help Act. Similar to H.R.942, this legislation would provide important certainty for U.S.-based research spending by making the R&D tax credit permanent as well as simplifying and strengthening it, thereby increasing its effectiveness.

Conclusion

It is vitally important that U.S. policy makers support a strengthened and permanent research and development incentive as part of any tax reform measure and seamlessly extend the credit as soon as possible. A robust and permanent research and development tax credit is critical to competitiveness, innovation and U.S. jobs. In the global economy many companies have a choice as to where they are going to do their research—and with many other countries offering *both* lower corporate income tax rates and more robust R&D incentives, the U.S. tax system must provide globally competitive R&D incentives that can be counted on by U.S. businesses. The R&D Credit Coalition looks forward to assisting members of the Committee and their staffs to gain a more detailed understanding of the competitive pressures faced by U.S. companies as well as of the research and development tax credit

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[8] National Science Foundation press release, "New Report Outlines Trends in U.S. Global Competitiveness in Science and Technology," January 17, 2011.

[9] *"Investing in U.S. Competitiveness: The benefits of Enhancing the Research and Experimentation (R&E) Tax Credit,"* U.S. Department of the Treasury, March 25, 2011, page 1.

and its impact on U.S. jobs. We also look forward to working together to advance legislation to seamlessly extend, strengthen and make permanent the R&D tax credit.

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RADIAN

STATEMENT FOR THE RECORD

OF

TERESA A. BRYCE BAZEMORE
PRESIDENT,
RADIAN GUARANTY INC.

FOR THE HEARING ON

"CERTAIN EXPIRING TAX PROVISIONS"

BEFORE

THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS & MEANS
SUBCOMMITTEE ON SELECT REVENUE MEASURES

APRIL 26, 2012

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Thank you for the opportunity to submit this statement for the record. I am Teresa Bryce Bazemore, and I am submitting this testimony on behalf of Radian Guaranty Inc. ("Radian"), one of the nation's leading private mortgage insurers. Private mortgage insurance ("MI") is designed to help promote and preserve the tradition of homeownership, while protecting taxpayers from default-related losses on residential first mortgages.

Radian applauds the Subcommittee and the Committee for its leadership on the important issue of tax extenders. Although these provisions are temporary in nature, they are nonetheless a critical aspect of tax policy.

We also commend Congressman Nunes and Congressman Crowley for their introduction of H.R. 1018, broadly-supported, bipartisan legislation that would make permanent the deduction for private mortgage insurance premiums (the "private MI deduction").

In the interim, we strongly urge the immediate and seamless extension of the private MI deduction, which expired on December 31, 2011. Until there is an opportunity to address tax policy in a long-term and comprehensive manner like H.R. 1018, extension of the private MI deduction is important to ensuring that there continue to be incentives aimed at stabilizing and strengthening the housing market, which is still undergoing a fragile recovery.

PRIVATE MORTGAGE INSURANCE

For many families, the most common hurdle to homeownership is saving enough money for the down payment. The traditional 20% down payment is a hardship for many and an impossibility for others. Private MI enables borrowers with less than 20% down – typically first time and low- and moderate-income borrowers – to achieve the dream of homeownership.

When a borrower places less than 20% down to purchase a home, the lender is required to obtain private MI in order for that loan to be eligible to be subsequently sold to Fannie Mae or Freddie Mac ("the GSEs"). Lenders are willing to make low down payment loans, and the GSEs are willing to purchase them, because in the event of a homeowner's default on the mortgage, the private MI company pays the owner of the loan a claim that is typically in the amount of 25-35% of the value of the loan.

This amount of MI generally covers costs associated with defaulted loans (interest charges during the delinquent and foreclosure periods, legal fees, home maintenance and repair costs, real estate brokers' fees, and closing costs) and any losses resulting from reselling the property for less than the outstanding mortgage loan balance.

Placing the MI company's private capital at risk in a "first loss" position after the borrower's equity means both the insurer and the borrower have a vested interest in making home loans that are affordable not only at the time of purchase, but throughout the years of homeownership. Having their own capital at risk also means that mortgage insurers have very clear incentives to work with lenders, investors, and community groups to help borrowers in default stay in their homes. Also, private MI is automatically canceled when the loan reaches 78% of the original home value, and private MI may be canceled earlier, if an appraisal shows that the loan has reached 80% of the original home value.

Over the past four years, private mortgage insurers have paid approximately $30 billion in foreclosure losses that would have otherwise been paid by taxpayers. Private mortgage insurers are projected to pay approximately $45 to $50 billion in total to cover losses in the current, unprecedented housing downturn.

The history of the private MI industry proves that private mortgage insurers have paid their claims through good and bad economic cycles. This is because of the rigorous, countercyclical capital and reserve requirements imposed by state insurance commissioners. In fact, half of each premium dollar earned goes into a contingency reserve and generally cannot be touched by the mortgage insurer for 10 years. This ensures that significant capital reserves are accumulated during good times and then drawn upon to absorb losses during downturns.

The private MI model has stood the test of time. Looking ahead, private mortgage insurers stand ready to play a critical role in the future of housing finance by continuing to safely and soundly enable first-time and lower income families to purchase homes while protecting taxpayers from losses that result from borrower default. Housing policies should encourage the return of private capital to the housing market and maintain a role for low down payment loans as long as they are prudently underwritten and insured by private MI.

PRIVATE MI DEDUCTION

The private MI deduction was first enacted in 2006, on a broadly-supported and bipartisan basis. Under Section 163(h) of the Internal Revenue Code ("IRC"), premiums paid or accrued for qualified MI by a taxpayer in connection with acquisition indebtedness on a qualified residence of the taxpayer are treated as interest that is qualified residence interest and thus deductible. The amount allowable as a deduction is phased out ratably.

The private MI deduction was enacted in order to foster homeownership. Another key reason for the legislation was that borrowers were circumventing private MI, which was not tax deductible, by instead procuring a "piggyback" or second loan, which was deductible, to make up the difference between the amount they were able to put down and the 20% down payment required for purchase by the GSEs. The legislation aimed to put MI premiums on par with piggyback loan interest.

Although the legislation first proposing the private MI deduction would have made the provision permanent, the private MI deduction was enacted on a temporary basis. Consequently, unlike the mortgage interest deduction, the private MI deduction regularly expires and must be regularly extended. The provision was most recently extended as part of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act Of 2010 (Pub. L. No. 111-312). The private MI deduction expired on December 31, 2011.

NEED FOR EXTENSION

It is essential that the private MI deduction be extended. With the grave state of the housing sector in recent years, extensions of the provision have ensured that there continue to be incentives aimed at stabilizing and strengthening the housing market in a responsible way. There remains a need for the private MI deduction as the housing market continues its fragile recovery.

Moreover, the private MI deduction importantly expands access to homeownership. MI is a critical factor for low and moderate income families seeking to become homeowners, as it allows borrowers to qualify for a mortgage with less than the traditional 20% down payment. Maintaining incentives for this population of borrowers to access the housing market is crucial to reducing the nation's excess housing inventory and facilitating a full recovery of the housing market. Additionally, the private MI deduction effectively provides a degree of parity to those homeowners who must rely on mortgage insurance by offsetting some of the cost with those homeowners that have the means to make a 20% down payment. The phase-out of the private MI deduction also assures the benefit of the deduction accrues to low and moderate income families.

CONCLUSION

In order to strengthen the housing market and provide taxpayers with certainty, we strongly urge Congress to extend the private MI deduction seamlessly and expeditiously. H.R. 1018 is bipartisan legislation that would make the provision permanent, breaking the constant cycle of expiration and extension.

Radian greatly appreciates the opportunity to submit this statement. We are pleased to serve as a resource to the Congress, the Committee, and the Subcommittee on these and related matters. We look forward to our continued work together on these important issues.

RailAmerica

STATEMENT FOR THE RECORD
JOHN E. GILES
PRESIDENT & CEO, RAILAMERICA, Inc.

HOUSE WAYS AND MEANS
SUBCOMMITTEE ON SELECT REVENUE MEASURES
"HEARING ON CERTAIN EXPIRING TAX PROVISIONS"
APRIL 26, 2012

Chairman Tiberi, Ranking Member Neal, and distinguished members of the Subcommittee on Select Revenue Measures, thank you for the opportunity to submit this statement on behalf of the California Northern Railroad, a short line freight railroad operating in northern California.

I serve as the President and CEO of RailAmerica, Inc., a short line railroad holding company that owns the California Northern Railroad and operates 44 other short line railroads across the country. Our objective is to provide local rail freight customers with services that facilitate the prompt pick-up and delivery of goods. Our goal is to provide good, efficient, economical and safe service by developing strong professional relationships with customers and other railroad partners.

One of the biggest challenges we face serving our local customers is the maintenance of our privately owned infrastructure. Short lines were created by entrepreneurs who purchased the marginal or money losing lines of large railroads. Much of this track would have been abandoned by the previous owners. For short lines which must make up for years of deferred maintenance by the previous owners, the capital requirements can exceed 30 percent of annual revenues.

Realizing this infrastructure need, in 2004 Congress passed the Short Line Railroad Track Maintenance Credit (26 USC 45G). This credit helps the private sector preserve rail service and rail jobs by allowing us to keep more of our corporate earnings for investment in infrastructure improvements.

A great example of a project aided by the 45G credit happened on the California Northern Railroad (CFNR) which operates 261 miles of track in northern California. In 2008, the CFNR had to close a bridge at Richfield on the northern end of our line (mile post 182.01) due to unsafe conditions. The center piers that support the bridge were eroding because of years of water flow and unsettled terrain.

Trains that could previously use the bridge were rerouted along other lines causing an increase in fuel use and an inefficient traffic flow for the customers we serve. With help from the 45G Short Line Tax Credit, the CFNR was able to rebuild the base of the bridge allowing traffic to cross without threat of bridge collapse.

BEFORE

AFTER

This bridge replacement cost $400,000 and of that, approximately $200,000 went to creating or preserving well-paying railroad construction jobs.

The 45G short line tax credit expired on December 31, 2011 and has yet to be extended. Many of the over 550 short line and regional railroads across the country are putting important infrastructure projects on hold because this credit has not been extended. When infrastructure needs are not met, it creates challenges for us to serve our existing customers and attract new customers to our lines.

RailAmerica appreciates the hard work done by the Ways & Means Committee and your dedication to reducing wasteful spending by examining these expiring or expired credits individually. As of May 10, 2012, 255 Members of the House of Representatives have cosponsored H.R. 721, the stand alone legislation that would extend 45G put forth by Representatives Jenkins, Blumenauer, Shuster, and Costello. The Senate companion bill, S. 672, has 47 Senators as cosponsors.

The support for this tax credit is difficult to ignore. I believe that this initiative draws a broad base of support not because it helps short line railroads, but rather because it lowers the federal tax burden on small freight railroads to enable those railroads to invest in infrastructure that provides strong public transportation benefits to the people of the United States. I urge you to include the 45G short line railroad track maintenance credit in any tax extenders bill that is brought up this year.

I look forward to working closely with members of this distinguished committee and your colleagues on the extension of the 45G short line railroad track maintenance credit.

Statement of Raymond Randall

May 9, 2012

To: US House Subcommittee on Select Revenue Measures

You Representatives have wasted our money on tax credits and other give aways to the wind energy industry for too long. The time has come to find out if the wind industry can stand on its own. If it cannot then it will prove that wind generation is neither economical nor dependable.

It is already known that wind generation has been unable to show any substantial benefit for pollution and carbon reductions or even a significant contribution to energy production. Meanwhile those industrial projects have seriously degraded our limited natural environments.

We strongly urge that you end all forms of federal support for industrial wind energy.

Raymond F. Randall
Lynn L. Randall
765 South 3rd
Union, OR 97883
Phone: 541-562-5028

Statement of Rebecca Tippens

Name,:Rebecca Tippens
Organization (if applicable):
Address: 68 Van Nuys Rd - colrain, MA 01340
Phone Number: 413-624-5140
Contact E-mail Address: rebecca_tippens@yahoo.com
Title of Hearing:Hearing on Certain Expiring Tax Provisions

It is critical that the wind energy tax production credit be extended.

I am writing from the point of view of a living in a community of potential buyers of these turbines – that we would LIKE to see continued to be produced in this country.

We all know about the dangers of carbon and global warming; we need to find sources that will not furtherly pollute our air. Wind energy is one of those. HOWEVER, whether or not to continue production and bring big turbines into a community is a big decision for it to make.

Most of the development in wind of course is going in rural communities. Its zoning boards are made up of local volunteers who deeply care about their community but understanding possible repercussions to bringing in new sources of energy take time. And those of us living in rural communities have a sense of right pacing in their lives. And want to do their work carefully.

The problem in our government is that legislation is pushed through so quickly because of the nature of our election system: gotta get this done because the next cycle is appearing and that makes for short circuited discussions and sloppy work.

We need the extension of the tax break because wind sellers are pressuring us to buy NOW before we have done our homework fully and that has meant a lot of work to decide whether or not to bring this form of energy to our rural county. People are not going to want to give up on their tradition of doing good and careful work and it will take at least another year or two for folks to work through the repercussions of these possibilities and alternatives. There is a lot of NIMBY stuff as well as real issues to consider. We would like to continue the consideration without the outside deadline of having to make a decision before the tax credits end. There is a lot at stake here and lots of potential markets if you had a sense how the process of decision-making works in rural communities. And that it takes time for us to decide whether or not to buy.

It would help tremendously to give folks time to work and talk things through carefully rather than in a desperate and clutched manner. Please extend the tax credit that we might go forth with exploring renewable sources that are affordable in a community-minded, respectful way......

REBUILD AMERICA'S SCHOOLS
A National Coalition

National Parent Teacher Association □ Council of The Great City Schools □ National Education Association
American Federation of Teachers □ American Association of School Administrators □ National School Boards Association
National Association of Elementary School Principals □ National Association of Secondary School Principals
NAACP □ National Association of Federally Impacted Schools □ American Institute of Architects
Organizations Concerned About Rural Education □ National Rural Education Association
Californians for School Facilities

SCHOOL DISTRICTS
Akron, OH
Aldine, TX
Birmingham City, AL
Birmingham Public, AL
Boston, MA
Broward County, FL
Brownsville, TX
Chicago, IL
Cincinnati, OH
Clark County, NV
Compton, CA
Corpus Christi, TX
Dayton, OH
Detroit, MI
Escambia, FL
Houston, TX
Jefferson Parish, LA
Jersey City, NJ
McAllen, TX
Memphis, TN
Miami-Dade, FL
Milwaukee, WI
Minneapolis, MN
Montgomery, AL
Nashville, TN
Newark, NJ
New Orleans, LA
New York, NY
Norfolk, VA
Oklahoma City, OK
Omaha, NE
Pharr-San Juan-Alamo, TX
Philadelphia, PA
Providence, RI
Richmond, VA
Rochester, NY
Savannah-Chatham, GA
St. Louis, MO
St. Paul, MN
Toledo, OH
Tulsa, OK
Ysleta, TX

1440 N Street, NW
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PHONE 202-462-5911
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EMAIL
RebuildAmericasSchools@comcast.net

Testimony Submitted for the Record
U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures

Hearing on
Certain Expiring Tax Provisions
April 26, 2012

Chairman Tiberi and Members of the Subcommittee:

Rebuild America's Schools, a national coalition, is writing to express our support for the extension of the **Qualified Zone Academy Bond** (QZAB) as well as the Qualified School Construction Bond programs. QZABs enacted in the Taxpayer Relief Act of 1997 and extended with bipartisan support in subsequent Congresses allow schools districts to modernize school facilities and to improve curriculum. QZABs are a cost effective program being used by school districts in every state to renovate, repair and modernize school buildings and classrooms. School districts in Michigan, Ohio, Texas, California and every state from Maine to Florida to Alaska and Hawaii have used QZABs to modernize classrooms and schools. The federal tax credits provided to finance QZABs are a small federal investment improving America's school facilities where students can better succeed. Rebuild America Schools also supports the extension of the Qualified School Construction Bond program which has benefited local school districts in forty-nine states.

QZABs and QSCBs are helping school districts provide modern, more energy efficient, green and better schools, improving the learning environment for students and enhancing the workplace for students, teachers and staff. Equally important, local jobs are generated as modern schools advance student achievement in urban, rural and suburban communities in every state.

Rebuild America's Schools asks that the Qualified Zone Academy Bonds and Qualified School Construction Bonds supporting school modernization and job creation be included among tax extension provisions considered by the House Ways and Means Committee this year.

Rebuild America's Schools appreciates the Committee's consideration of these comments.

Statement of Reinhard Manfred Klaass

USA Needs a PLAN for Energy Independence

As an Aerospace Engineer I worked on a Solar Dynamic electric power generation system in conjunction with Sandia National Lab during the last energy crisis, the 1970 oil embargo. We developed a small automotive size gas turbine engine that used solar power as the heat source to drive a generator and create 25 kilowatts of "free" energy. As soon as the oil embargo was over all government funding ceased. Had we continued this development we would have a lot more alternative, zero emission power generation in the country.

Let's not keep repeating mistakes of the past, let's generate a master plan for energy independence including nuclear, wind, and solar energy; in addition to natural gas and coal.

I urge the House Ways and Means Committee to extend the wind energy production tax credit to keep this critical technology moving forward, remain an important part of an energy independence plan, and help increase jobs and boost our anemic economy.

Respectfully,

R.M. Klaass

Reinhard Man**fred** Klaass
1252 W 1870 North
Provo, UT 84604
(801) 400-4389

Statement of Reserve Energy Exploration Company

April 24, 2012

United States Congress
Ways and Means

Re: Importance of the PTC – Wind Energy

Dear Members of Congress:

My name is James Haas and I am the Development Director for Reserve Energy Exploration Company ("Reserve") located at 10155 Gottschalk Parkway, Suite One, Chagrin Falls, OH. Reserve has been in the wind industry for over seven years and is in the process of developing five (5) utility scale wind farms located in Ohio, Michigan and New York.

As you know, if you have not started physical construction of a project prior to January 1, 2012, the PTC has essentially expired. Therefore, with the questions surrounding the PTC, the wind industry has, in my opinion, come to a standstill (the Projects that have qualified for the PTC or ITC are moving ahead and being built out in accordance with their plans). However, developers, investors, utilities, and others have stopped or slowed down growth plans until there is some certainty surrounding the industry.

I strongly urge you to extend the PTC so this entire industry and the domestically produced energy source do not just die on the vine.

I have not put this letter on letterhead as I was asked to submit the document via word format. Please contact me at 440.543.0770 if you may have any questions or need additional information.

Thank you!

Sincerely,

RESERVE ENERGY EXPLORATION COMPANY

Jim Haas
Development Director

Statement of the Residential Energy Efficient Tax Credit Industry Coalition

before the

Subcommittee on Select Revenue Measures

Committee on Ways and Means
United States House of Representatives

on

"Member Proposals Related to Certain Tax Provisions That Either Expired in 2011 or Will Expire in 2012"

April 26, 2012

As the trade associations representing manufacturers, distributors, retailers, remodelers, installers and contractors bringing energy-efficient products to homeowners, we are seeking the restoration and extension of the residential energy efficiency (25C) tax credit. The residential energy efficiency tax credit was drastically reduced at the end of 2010[1] and expired at the end of 2011. Our member companies actively promoted and their customers benefited from the higher tax credit levels that were in place from 2009 to 2010, sustaining jobs in our industries during the otherwise dire new home and retrofit construction downturn. Private residential investment was 2.5 percent of gross domestic product for the fourth quarter of 2011, well below its historical average of 5 percent. Many of the products that qualify for the 25C tax credit are manufactured—and also installed—in America, unlike alternative energy sources that have benefited from other federal incentives.

We are seeking a robust energy efficiency tax credit for qualified products, as outlined below, of 10 percent of the purchase price up to $1,000. We believe that a $1,000 tax credit is generally the minimum incentive needed to motivate consumers to improve their homes by purchasing these higher-performing products, and to do so in sizable enough numbers to positively influence residential energy consumption.

We are seeking a uniform tax credit across most product categories to minimize consumer confusion, include labor costs for all qualifying products and maintain consumer choice in the improvements they wish to make in their homes.

Economic Impact of the Energy Tax Credit
Using the 2009 IRS tax data, we can demonstrate that the net economic impacts of the 25C tax credit programs from a remodeling perspective are significant (setting aside the long-run energy efficiency benefits for homeowners).

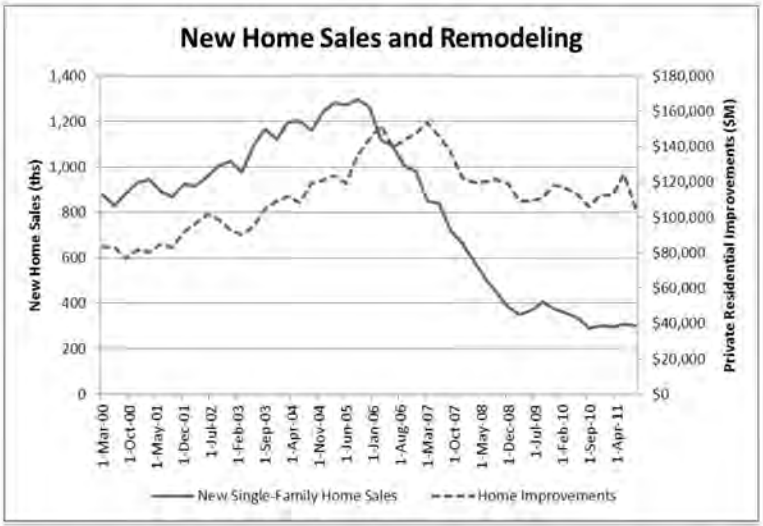
With respect to the 25C credit for energy-efficient remodeling of existing homes, the IRS data indicate a total of $25.1 billion of qualified expenditures in 2009. Overall, in 2009 taxpayers claimed nearly $5.9 billion in 25C and 25D tax credits. For the two tax credits combined, ***93 percent of tax credit claims were made by taxpayers who have an adjusted gross income of no more than $200,000***, which is indicative of a middle class tax program.

Because the tax credit in 2009 was limited to $1,500 per taxpayer, not all of this activity generated tax credits. In fact, according to the IRS data, just a little more than 71 percent of these costs ($5.404 billion versus potential $7.539 billion) were allowed in the 25C calculation due to the $1,500 limit. Moreover, due to other tax rules, only $5.172 billion of the $5.404 billion were allowed as realized 25C tax credits.

The following chart plots new home sales (left axis) and total remodeling expenditures (right axis). The data indicate that remodeling expenditures fared better over the 2008 through 2011

[1] Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, Sec. 710, Credit for Nonbusiness Energy Property.

period than new home sales. The tax credit program provided a floor on remodeling activity, which has declined only 32 percent since its peak compared to 76 percent for new home sales.



The first portion of the 25C credit usage is related to energy-efficient building envelope improvements, with 13 percent of the 25C claims associated with insulation, 34 percent with windows and skylights, 9 percent with doors and another 9 percent with qualified roofing materials. The second part of the credit dealt with energy-saving appliance installation, with 16 percent of the total 25C claims connected to qualified heat pumps, air conditioners, water heaters and stoves; 17 percent with qualified natural gas, propane, oil furnaces or hot water boilers; 3 percent with advanced main air circulating fans used with a natural gas, propane or oil furnace.

The National Association of Home Builders has developed an economic impact model that enables estimating total employment and economic income impacts from home building and remodeling.[2] The model used Bureau of Economic Analysis (BEA) data and BEA input-output tables to generate economic impacts by sector. The following table presents the impacts that result from $100,000 of remodeling activity.

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[2] http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=103543&channelID=311
The Direct Impact of Home Building and Remodeling on the U.S. Economy. NAHB Economics.

The jobs are measured on a full-time equivalent (FTE) basis. Thus, NAHB estimates that every $100,000 of remodeling activity creates 1.11 jobs on an FTE basis. 48.6 percent of those jobs are in the construction and remodeling sector.

Income and Employment Impacts of Remodeling on the U.S. Economy

	Number of Full-time Jobs	Wages and Salaries	Proprietors' Income	Corporate Profits	Total Income
$100,000 Spent on Remodeling					
All industries	**1.11**	**$52,709**	**$13,810**	**$16,147**	**$82,667**
Construction	0.54	$25,573	$6,601	$4,232	$36,406
Manufacturing	0.18	$8,136	$824	$4,529	$13,489
Wholesale and retail, Transportation and warehousing	0.16	$6,432	$849	$2,307	$9,588
Finance and insurance	0.02	$1,487	$71	$1,459	$3,017
Real estate and rental and leasing	0.01	$315	$1,652	$758	$2,725
Professional, Management, administrative services	0.12	$6,970	$2,191	$764	$9,924
Other services	0.09	$3,797	$1,623	$2,098	$7,518

Source: NAHB estimates, based primarily on the data from the U.S. Bureau of Economic Analysis.

Putting all the data together, the IRS data and the NAHB economic impact model indicate that for 2009, a total of 278,610 full-time jobs were in connection with the 25C credit. 135,540 of these jobs were in the construction and remodeling sectors. The program supported approximately $13.2 billion in wages for these workers and $7.5 billion in net business income.

Conclusion

The program has created and preserved America jobs and promoted energy efficiency by helping owners of existing homes afford higher efficiency windows, doors, HVAC systems, hot water heaters, roofing and insulation. We are deeply concerned that the loss of this incentive before the housing market recovers would lead to substantial job losses.

The residential energy efficiency tax credit has broad support across the remodeling and retrofit market. A total of 34 businesses and associations sent a letter in December 2011 to the Committee on Ways and Means supporting a robust extension of the 25C tax credit, knowing the $1,000 level would effectively leverage consumer activity and job preservation. A copy of the letter is Included in the appendix of this statement.

As the Committee on Ways and Means evaluates the merits of the 25C tax credit, the data illustrates the program has had a powerful and positive impact on employment and extending the incentives until the housing market further stabilizes will protect American jobs.

Supporting Industry Associations
Air Conditioning Contractors of America
Air-Conditioning, Heating and Refrigeration Institute
Asphalt Roofing Manufacturers Association
Insulation Contractors Association of America
Heating, Air Conditioning & Refrigeration Distributors International
Metal Contractors Association
National Association of Home Builders
National Association of the Remodeling Industry
National Electrical Manufacturers Association
National Lumber & Building Material Dealers Association
National Roofing Contractors Association
New England Fuel Institute
Oilheat Manufacturers Association
Plumbing-Heating-Cooling Contractors—National Association
Petroleum Marketers Association of America
Retail Industry Leaders Association
Roof Coatings Manufacturers Association
Spray Polyurethane Foam Alliance
Tile Roofing Institute
Window & Door Manufacturers Association

For More Information Contact
Ben Gann
Director of Legislative Affairs, Window & Door Manufacturers Association
(202) 367-2346
bgann@wdma.com

Appendix

Residential Energy Efficient Tax Credit Industry Coalition

December 8, 2011

The Honorable John Boehner
Speaker of the House
H-232, United States Capitol
Washington, D.C. 20515

The Honorable Nancy Pelosi
House Minority Leader
H-204, United States Capitol
Washington, D.C. 20515

The Honorable Dave Camp
Chairman, Committee on Ways & Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Sander Levin
Ranking Member, Committee on Ways & Means
1139E Longworth House Office Building
Washington, D.C. 20515

Dear Speaker Boehner, Leader Pelosi, Chairman Camp and Ranking Member Levin:

As companies and associations representing manufacturers, retailers, builders and contractors in the housing and residential energy retrofit industry, we are writing to urge your support for an extension at the $1,000 level for the residential energy efficiency (25C) tax credit set to expire at the end of the year. The 25C tax credit creates and preserves American jobs and promotes energy efficiency by helping owners of existing homes afford higher efficiency windows, doors, HVAC systems, hot water heaters, roofing and insulation. We are deeply concerned that the loss of this incentive before the housing market recovers would lead to substantial job losses.

Residential remodeling activity spurred by the 25C tax credit in 2009 and 2010 was critical to maintaining our economic vitality. In 2009, Internal Revenue Service data indicates American taxpayers reported spending $25.1 billion on remodeling costs associated with the tax credit. Moreover, the program supported 278,610 jobs (135,540 of which were in the construction and remodeling sectors), approximately $13.2 billion in wages and $7.5 billion in net business income according to analysis by the National Association of Home Builders. In addition, 25C is truly a middle-class tax credit. In 2009, over two-thirds of the households claiming the credit had adjusted gross income of $100,000 or less.

Further, private residential investment as a percent of gross domestic product set another record low of 2.4 percent in the third quarter of 2011—in comparison to its historic average of approximately 5 percent. The 25C tax credit has provided a needed floor on remodeling activity, declining 32% since its peak compared to 76% for new home sales. It creates jobs and benefits homeowners by reducing their energy use, lowering their energy bills and improving their homes.

Again, we urge your support for a robust extension of the 25C tax credit, knowing the $1,000 level would effectively leverage consumer activity and job preservation. We believe that the program has had a powerful and positive impact on employment and extending the incentives until the housing market further stabilizes will protect American jobs.

Thank you for your consideration. We look forward to working with you to include an extension of the residential energy efficiency credit in tax legislation before the end of the year.

Sincerely,

Air Conditioning Contractors of America
Air-Conditioning, Heating and Refrigeration Institute
Andersen Corporation
A.O. Smith
Asphalt Roofing Manufacturers Association
Champion Window Manufacturing Company
Council of North American Insulation Manufacturers Association
Fortune Home and Security
Guardian Industries
Heating, Air Conditioning & Refrigeration Distributors International
The Home Depot, Inc.
Ingersoll Rand
Insulation Contractors Association of America
JELD-WEN, inc.
Lennox International, Inc.
Lowe's Companies, Inc.
National Association of Home Builders
National Association of Manufacturers
National Association of the Remodeling Industry
National Electrical Manufacturers Association
National Lumber and Building Material Dealers Association
National Roofing Contractors Association
New England Fuel Institute
Pella Corporation
Petroleum Marketers Association of America
Plumbing-Heating-Cooling Contractors—National Association
Regal Beloit
Retail Industry Leaders Association
Rheem Manufacturing Company
Roof Coatings Manufacturers Association
Spray Polyurethane Foam Alliance
Tile Roofing Institute
United Technologies Corporation
Window and Door Manufacturers Association

cc: House Committee on Ways and Means members

Statement of Retail Industry Leaders Association

[redacted]

April 26, 2012

The Honorable Pat Tiberi
Chairman
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Tiberi and Ranking Member Neal:

On behalf of the Retail Industry Leaders Association (RILA), thank you for holding this hearing and providing your colleagues and the public with the opportunity to share their perspectives regarding expired or soon to expire provisions in the Internal Revenue Code (Code).

By way of background, RILA is the trade association of the world's largest and most innovative retail companies. RILA promotes consumer choice and economic freedom through public policy and industry operational excellence. Its members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than $1.5 trillion in annual sales, millions of American jobs and more than 100,000 stores, manufacturing facilities and distribution centers domestically and abroad.

In general, RILA supports tax policies that will improve the business climate for retailers, both domestically and internationally, by helping them to create jobs, invest in this country, and bring price-competitive value to American consumers. There are many important ingredients to a successful tax system that will accomplish these goals but, in this statement, we will focus on permanence and stability of the Code.

Business taxpayers benefit greatly from a tax law that is stable and predictable. Over the past two decades, dozens of provisions have been added to the Code, many well intended and achieving their particular employment, investment, or other objective. Yet, in too many cases, these provisions were added on a temporary basis, even when the tax policy objective should have been permanence. Examples particularly relevant to the retail industry include 15-year depreciation for improvements to retail and restaurant property, the Work Opportunity Tax Credit (WOTC), and the research and development (R&D) tax credit, to name a few.

The Honorable Pat Tiberi
The Honorable Richard Neal
April 26, 2012
Page 2

Compounding the tenuous nature of these provisions is the situation in which we find ourselves today with the significant number of expired tax provisions. Because these temporary provisions are currently terminated, taxpayers have been left without certainty as to whether these tax provisions will be retroactively renewed and, if so, whether that renewal will be any sooner than at the end of this year – a year in which the tax provisions were expected to be effective.

Long-term planning is a fundamental tenet of the business community and essential for success. With federal and state taxes playing such a significant role in retailers' financial decision making, the continual expiration and uncertainty of renewal of so much of the Code results in adverse consequences – it forces increased tax reserves, postpones investments in new facilities and improvements, and holds back critically needed new jobs.

We underscore the fact that many of the hoped-for benefits of these expired tax provisions are undermined to varying degrees when the particular provision is reinstated retroactively – especially when it is reinstated up to a year past the expiration date. For example, provisions designed to stimulate investment or hiring cannot be expected to be as effective as they otherwise would if companies cannot rely on the fact that those incentives are actually going to be available for the tax year in question. Companies are left to wonder if the incentives will be available or not, and that conundrum naturally leads to caution with regard to investing or hiring decisions, thus diminishing the "bang for the buck" of the incentives in question.

We fully appreciate the desire by the Subcommittee to evaluate the current package of expired provisions and determine which should stay and which should go. Obviously, Congress has the responsibility to determine if various tax policies are working, and, therefore, evaluating sections of the Code from time to time is a vital oversight responsibility on behalf of the taxpayers. However, RILA urges the Subcommittee and the full Ways and Means Committee to move as quickly as possible to extend those expired tax provisions it deems worthy of renewal and to do so retroactive to the beginning of this year. The sooner these provisions are extended the better able businesses will be to implement business plans that accomplish the intended policy objectives of the provisions in question. With a struggling economy, Congress needs to do all it can on the tax side of the ledger to stimulate economic activity. Quickly extending those tax provisions that have a positive impact on jobs and investment, such as WOTC, 15 year depreciation for retail improvements, and the R&D credit, would generate sorely needed economic growth. In short, Congress should not wait until the end of the year or for the prospect of tax reform – Congress needs to act now!

Importantly, we also note that making the determination that certain provisions are worth keeping in the short term should not preclude Congress from putting all these provisions on the table in the context of comprehensive tax reform. RILA has been an outspoken advocate for comprehensive tax reform. Central to that reform, we believe, is the need for broadening the tax base in order to substantially reduce the business rate. RILA believes that all business tax preferences should be on the table in tax reform so that business rates can be lowered as much as possible.

The Honorable Pat Tiberi
The Honorable Richard Neal
April 26, 2012
Page 3

To conclude, RILA members require certainty in the Code in order to make investment and hiring decisions. Congress should act quickly to extend those expired provisions it views to be effective – it should not wait until the end of the year. Businesses need to know what the law is today while the tax reform process proceeds. In the long run, all of these provisions should be on the table in the effort to achieve comprehensive tax reform which we hope will result in a substantially reduced business rate and a simplified, stable, competitive and permanent U.S. tax code.

Thank you for the opportunity to share the views of our member companies.

Sincerely,

Bill Hughes
Senior Vice President, Government Affairs

Statement of Robert Boyce

To Ways and Means Committee, U.S. House of Representatives.

Subject: Hearing on Certain Expiring Tax Provisions

Gentlemen:

I, Robert Boyce, a resident in Lincoln, Nebraska, urge that you extend the production tax credit for wind energy for four years. It is important that this credit be extended so that the wind industry has a reliable base on which to plan their financing for wind power projects. The future of our country is dependent on clean, renewable energy sources, and wind is a major possibility.

Whenever I drive by Rockport, Missouri, I marvel at the wind farm there, which supplies ALL their electrical power needs!! ALL of them! The possibilities are exciting, but the wind power industry needs our help in getting off the ground, and in installing cross-country transmission lines. (If the wind isn't blowing here, it's blowing elsewhere—and that energy can be brought to where it's needed.)

In addition, small, local wind power projects need to be developed all over the country, just as windmills were a hundred years ago!

Please extend the production tax credit for wind power right away.

Thank you.

Robert Boyce
735 South 37th
Lincoln, NE 68510
Bobboyce66@gmail.com
402-475-0783

Statement of Robert Fenstermaker

Robert Fenstermaker

Gamesa

9890 SW Riverwood Lane

503.784.0352

Robf.oregon@gmail.com

Hearing on Certain Expiring Tax Provisions

After losing my job in the High Tech industry multiple times, I decided to change careers. I was un-employed and went back to school for additional training. I was able to acquire a new career in the wind industry. It was the only growing industry that I could identify in the USA (sad news for the USA). There are so many jobs being shipped over seas (because of tax incentives passed by Congress) – I thought this would be a stable career. The Production Tax Credit (PTC) has helped create 500,000 well paying jobs here in the United States. When you consider all of the taxes from these jobs being paid into the federal government, state and local economies it far out ways the cost of the PTC. These taxes will be lost with out continued support of the PTC. The oil and gas industry has benefited from tax incentives for decades and are now highly profitable. I encourage you to continue to support the wind industry; it is successful and will provide jobs, plus clean, local sources of energy for the USA for years to come.

Please continue the support of the PTC

Robert Fenstermaker

Statement of Robert Hall and Maureen McGee

April 25, 2012

Extend the Wind Energy Production Tax Credit

To the Committee on Ways and Means:

We, Robert Hall and Maureen McGee, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

We purchased our wind turbine in 2009. The price tag was about $16K installed. After the state and federal tax credits and rebates from our electric company, our out of pocket expense was about $4800.00. Without the energy production tax credit, our ability to afford the turbine would not have been a reasonable financial burden for us.

We are conservative with our energy use as it is, but we generate about half our usage with the turbine. If we look at the cost of the per kilowatt use, it will take us about 14 years to pay it back.

But we believe that the true cost of electricity is not reflected in our electric bill. There are many more costs associated with generating electricity through coal, natural gas, nuclear and river damming. Those costs are passed off to all of us through health care costs for miners and workers in these dangerous jobs and the pollution to our air, mercury in the water and fish that we eat, the risks and unknowns of what to do with the nuclear waste, and the loss of free rivers throughout the world. When we consider those costs, our wind turbine is priceless.

We feel fortunate that we were in a position financially that we could make a small sacrifice of not purchasing things that would have given us a short-term pleasure -- boats, cars, etc. We realize not everyone is in a position to make this investment, but we felt the responsibilty since we had the means.

We urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

Robert Hall
Maureen McGee
5905 Buckboard Tr
Flagstaff, AZ 86004
928-526-2623
justrobhall@msn.com

Extend the Wind Energy Production Tax Credit

Statement of Roberta Rothkin

Name: Roberta Rothkin
Address: 22A Hawkes Close, Ossining, NY 10562
Phone Number: 914-762-4566
Contact E-mail Address: roberta.rothkin@gmail.com
Title of Hearing:Hearing on Certain Expiring Tax Provisions

I, Roberta Rothkin, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Doing this can help resolve several issues in the Hudson Valley area:
1. Several companies, including Siemens, manufacture the wind turbines used in wind energy. Keeping this tax credit will help keep these jobs and may help increase the number of jobs in wind energy.
2. The Indian Point Energy Center plants are reaching the end of their licensing terms. Even if these plants are given another 20 years to operate, this is not a good idea due to the risk of an accident. Encouragement should be given in various ways (including the tax credit) to have homeowners and business owners take advantage of generating wind power (either small units that can be put on a house or in a backyard, along with larger units that can be put in an office complex). While wind power may not fully replace what Indian Point generates, wind power should certainly be looked at as one component of a multi-pronged strategy to replace nuclear power in the Hudson Valley.
I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,
Roberta Rothkin

Statement of Roger Harrison

April 24, 2012

Hearing on Certain Expiring Tax Provisions

I, Roger Harrison, a retiree in Bluffton, SC, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

There are very few forms of energy that do not require toxic chemicals to extract, or do not generate highly toxic waste products. Wind power does none of these.

We should promote wind power, and other clean sustainable, energy sources as much as we can. We may never be totally dependent on them, but we all benefit to the extent that we do not use dirty forms of energy.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Roger Harrison

44 Cypress Hollow Bluffton, SC 29909
843-705-6878 harrisonrjr@gmail.com

Statement of Russell Mead

April 25, 2012

Attention: U.S. House Subcommittee on Select Revenue Measures
(Committee on Ways & Means)

Subject: Hearing on Certain Expiring Tax Provisions

For 20 years, taxpayers have propped up the wind energy industry. Despite the many tens of billions of dollars ($14 billion last year) given to them via the production tax credit, the more recent investment tax credit, and other tax and regulatory provisions, as well as loan guarantees and outright grants, the industry still comes begging.

And even after 20 years of such largesse, the industry can not show any meaningful benefit concerning any energy, pollution, or carbon problem. Instead, rural communities have been left divided, landscapes degraded, bird and bat populations threatened, and already dwindling natural habitats destroyed.

In this very difficult period of trying to gain control of our nation's spending, why would one even consider extending tax provisions or cash grants to the wind energy industry?

At some point our government needs to stop the hand holding for industries that should be grown up and able to stand on their own two feet. If our government continues to provide financial support, what will their incentive be to improve performance and overcome weaknesses in their industry?

The wind industry continues to lobby for government subsidies and why not, it is free money to them and the ultimate entity paying the bill, the US Taxpayer, has virtually no say in the matter.

The wind industry falls very short of fulfilling commitments in job creation, sustainable/reliable electricity generation, and carbon emission reduction. After 30 years of development in the United States it should be in a position to stand on its own two feet without subsidies from the US taxpayers.

On October 28, 2011, trade journal Restructuring Today published an article on Exelon 2020 strategy. The article is as follows: The power industry can slash harmful air pollutants for as little as one-quarter the cost of other politically popular approaches by relying on competitive markets, Exelon said yesterday. Markets are far cheaper than other options being discussed such as subsidizing favored generation technologies, the firm said in a new analysis under its "Exelon 2020" strategy. The evidence is clear, Markets are delivering more than cost savings and reliability. They are also delivering clean energy, said Exelon CEO John Rowe. "We believe that they will continue to be the best mechanism for delivering clean, reliable and affordable electricity. Under the Exelon 2020 strategy, the firm has been looking at ways to cut CO_2 and this year included NO_x, SO_2, and toxic air pollutants that the EPA has new regulations on. Exelon would like to see federal and state policymakers avoid picking favored technologies. The EPA should finalize its Cross-State Air Pollution Rule and Air Toxics Rules and competitive power markets should be allowed to work, said the firm.

I encourage you not to reinstate section 1603 cash grants or extend the production tax credit but instead to support the Energy Freedom and Prosperity Act of 2011. Let markets, not subsidies, drive improvements that lead the way into the future.

I urge you to END the Production Tax Credit, the Investment Tax Credit, and any other federal support of industrial wind energy.

Respectfully submitted

Russell Mead
10052 Crockett Hwy
Blissfield, MI 49228
517-443-5604
e-mail: rmead@ogdentel.net

Statement of Ruth Kneile

re: the hearing on certain tax provisions

I respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farms in Iowa revitalize our economy, bringing in construction jobs at first, and maintenance jobs in the long term. Without the risks of nuclear or gas and oil energy, wind power generates both electricity and revenue for our community schools and hospitals over the lifetime of the project.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive that will allow the wind industry to continue to do just that.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Urgently,

Ruth Kneile
140 SW 51st Street
Des Moines, IA 50312
515-255-1377
ruth.kneile@gmail.com

SafeWorks

PTC Extension

To House Ways and Means Committee
Concerning Hearing on Certain Expiring Tax Provisions

I, Erik Elzinga from SafeWorks, LLC in Washington State respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

My company provides supporting equipment to the wind tower industry in North America. We manufacture elevators, ladder climbing assist devices, and external access platforms for the maintenance of wind towers. These are products that improve safety and are marketed under the PowerClimber Wind brand.

The PTC drives billions of dollars in private investment in homegrown American wind power each year, part of that investment is with SafeWorks where 280 team members are employed. This activity also supports manufacturing jobs from the suppliers in our community, and generates revenue for our community schools and hospitals over the lifetime of the wind tower projects around the country.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely

Erik Elzinga
VP Engineering
SafeWorks, LLC
365 Upland Dr
Seattle, WA 98188
P: +1 206-577-0164
C: +1 206-538-9150
Erik.Elzinga@SafeWorks.com

Statement of Sally Kaye

4/24/12

Members of the House Ways and Means Committee:

I urge you to work with your colleagues to **DENY** an extension of the renewable energy production tax credit (PTC) as quickly as possible.

Industrial-scale wind power plants are a complete waste of tax and ratepayer money. The PTC only benefits corporations, many of them foreign-based, with virtually no CO_2 emission impact and minimal employment impact.

Please work with your colleagues to **DENY** a PTC extension as quickly as possible. In doing so, you will give the wind industry the message that you will not underwrite a wasteful program. If wind is not mature enough to survive without tax payer assistance, then it should fail on its own.

Mahalo.

Sally Kaye
511 Ilima Ave.
Lana`i City, HI 96763
808-565-6276

Statement of Sandra Wearne

04/24/12

RE: Hearing on Certain Expiring Tax Provisions

I would like to respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible and not wait to extend the credit until just before or after it expires.

The PTC drives billions of dollars in private investment in homegrown American wind power each year.
Wind farms revitalize communities – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project.
Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.
Please take up an extension of the wind energy production tax credit right away.

Thanks,

Sandra Wearne
25W231 Oldham Rd
sandra.wearne@gmail.com
630-955-9500 work
630-697-6884 cell

Statement of Sandra Rogers

I, Dr. Sandra Rogers, DVM of Prescott, Arizona, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

I am proud to work at a veterinary hospital that has used wind and solar power as clean energy sources. When I see the destruction that has been wrought as a result of trying to collect fossil fuel, it really does not make any sense to NOT support clean energy. Wind, unlike fossil fuel, is widely available.

Please continue to support the wind industry and all the jobs it provides and the clean future that it promises.

-I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

Dr. Sandra Rogers, DVM

4665 Julie Drive

Prescott, Arizona 86301

928-771-0133

drsangria@yahoo.com

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures

Hearing on Certain Expiring Tax Provisions

Submission of Written Comments for the Hearing Record
Save Our Scenic Hill Country Environment, Inc.

May 10, 2012

This testimony is being submitted on behalf of the Save Our Scenic Hill Country Environment (SOSHCE) organization which has approximately 600 members. Most of our members are landowners in an area recognized as the Hill Country of Texas. This area is known for its scenic beauty. One of the significant features in this area is the Enchanted Rock State Natural Area which is designated as a National Natural Landmark.

Even though the Hill Country has a relatively low wind resource potential in general, it has and continues to be considered for industrial wind development. In addition, the area is being crossed by two high voltage transmission lines that are transporting wind energy from industrial wind farms in West Texas to the metropolitan areas to the east.

The expiring tax provision of most concern to us is the Federal Production Tax Credit (PTC) as it applies to industrial wind development. It is the key driver for potential industrial wind development in areas such as the Hill Country where it could result in non-optimal utilization of limited taxpayer resources. In addition, it results in the requirement for ratepayer payments for transmission systems that are needed to move the wind energy from remote locations to metropolitan load centers.

There are a number of factors that demonstrate that the PTC for industrial wind development should not be extended beyond its current expiration date of year end 2012.

(1) After having access to the PTC for most of the last 20 years, it is long past time that the mature industrial wind energy industry proves that it can exist without subsidies.
(2) The PTC subsidy is massive, and its cost to taxpayers could reach an additional $20 billion or more with a four year extension.
(3) Even without the PTC, industrial wind development will continue to be supported by Renewable Portfolio Standard (RPS) requirements which currently exist in 29 states.
(4) Industrial wind development creates a relatively small number of permanent, direct jobs.
(5) Related transmission system additions will be costly with ratepayers in Texas being burdened with the $6.9 billion cost of the Competitive Renewable Energy Zone (CREZ) system as an example.

Attachment 1 provides additional support for these factors. Attachment 2 provides supplemental information on the witness and SOSHCE.

Attachment 1

Additional Support for Factors that Demonstrate that the PTC Should Not Be Extended

After having access to the PTC for most of the last 20 years, it is long past time that the mature industrial wind energy industry proves that it can exist without subsidies.

THE PTC was originally enacted by the Energy Policy Act of 1992 and has been renewed and extended numerous times. It expired from July 1999 to December 1999, end of 2001 to March 2002 and end of 2003 to October 2004.[1] As such, it has been in place for most of the past 20 years.

The wind industry has installed a large number of projects and significant amount of capacity since 1999.[2] As such, the industry is certainly mature and should no longer be dependent on subsidies.

An April 2012 paper entitled "Beyond Boom & Bust- Putting Clean Tech on a Path to Subsidy Independence" written by representatives of the Brookings Institution, the Breakthrough Institute and the World Resources Institute stated "....,this report concludes that policy makers and business leaders need to unite behind timely energy policy reform that supports US innovation, rewards continual improvements in clean tech price and performance, and secures subsidy independence for clean tech markets as rapidly as possible."[3]

The PTC subsidy is massive, and its cost to taxpayers could approach an additional $20 billion or more with a four year extension.

Not only has the PTC been in place for an extended period of years, it has continued to escalate in amount. Starting at 1.5 cents/kilowatt-hour in 1993, it now stands at 2.2 cents/kilowatt-hour.[1] As a tax credit, its value to a developer with a 40% marginal tax rate is 3.7 cents/kilowatt-hour on a before tax basis. That value significantly exceeds the current 2012 year-to-date load zone average price of electricity in the ERCOT region which includes most of Texas.[4]

In a December 2011 presentation entitled "Impact of the Production Tax Credit on the U.S. Wind Market" prepared for the American Wind Energy Association (AWEA) by Navigant Consulting, Inc., and that can be accessed from the publically available area in the AWEA website , it was indicated that an additional 20.2 gigawatts of new wind capacity would be installed over the 2011-2016 period for a four year extension of the PTC.[5] Assuming an average capacity factor of 30%, the PTC tax cost would be about $12 billion. This outlay would be in addition to the $8 billion of PTC associated with the 14 gigawatts that the presentation indicated would be installed primarily to meet state RPS requirements over the 2013-2016 period.

This total of $20 billion would be on top of the $1.4 billion to $1.5 billion per year of PTC obligations incurred prior to the end of 2012.[6] It would also be in addition to any U.S. Treasury 1603 program up-front grant expenditures and accelerated depreciation costs.

Even without the PTC, industrial wind development will continue to be supported by Renewable Portfolio Standard (RPS) requirements which currently exist in 29 states.

Renewable Portfolio Standard (RPS) programs currently apply in 29 states[1] that will likely result in additional industrial wind installations even without PTC extension.

The AWEA Navigant presentation indicated that about 14 gigawatts of industrial wind energy wind capacity are expected to be installed over the 2013-2016 period based primarily on RPS requirements[5].

As a specific example, DTE Energy announced on May 3, 2012, that it has issued a Request for Proposals for approximately 100 megawatts of Michigan-based wind projects that will be operating by the end of 2013.[7] The news release stated that DTE Energy expects to add about 1,000 megawatts from renewable sources by 2015 to meet the state's renewable energy goals.

Industrial wind development creates a relatively small number of permanent, direct jobs.

Of the additional 169,000 job-years that the AWEA Navigant presentation[5] indicated will be created over the 2011-2016 period for a four year PTC extension, 43,000 are induced, 78,000 are indirect and only 47,000 are direct. Of the 47,000 that are direct, 31,000 were manufacturing and only 16,000 are construction and Operations & Maintenance (O&M). While not broken out, the O&M jobs are likely a much smaller number than the temporary construction jobs.

As a specific example, BP Alternative Energy reported on April 4, 2012, that the more than $800 million 419 megawatt capacity Flat Ridge 2 wind farm in Kansas will create 500 jobs at peak construction and roughly 30 permanent jobs once the wind farm begins commercial operations which is expected by the end of the year.[8]

In an April 2012 NREL report entitled "Preliminary Analysis of the Jobs and Economic Impacts of Renewable Energy Projects Supported by the 1603 Treasury Grant Program", it was indicated that the program has provided approximately $9.0 billion in funds to over 23,000 PV and large wind projects through November 10, 2011.[9] It indicated that the construction and installation-related expenditures are estimated to have supported an average of 52,000-75,000 direct and indirect jobs per year over the program's operational period (2009-2011). Indirect jobs account for 43,000-66,000 while those directly supporting the design, development and construction/installation of systems were only 9,400 per year. Furthermore, the annual operation and maintenance (O&M) are estimated to support between 5,100 and 5,500 direct and indirect jobs per year on an on-going basis with only 910 jobs directly supporting the O&M. It is pointed out that, as a gross analysis, the analysis does not include impacts from displaced energy or associated jobs, earnings, and output related to existing or planned energy generation resources or increases or decreases in jobs related to changes in electric utility revenues and consumer energy bills, among other impacts.

Related transmission system additions will be costly with ratepayers in Texas being burdened with the $6.9 billion cost of the Competitive Renewable Energy Zone (CREZ) system as an example.

The CREZ transmission system in Texas can serve as a good example of the cost of transmission systems that will be needed with a PTC extension. Texas state legislation in 2005 mandated that the highest potential renewable areas in the ERCOT region (covering 85% of the load in the state) be identified and that the needed transmission additions be implemented. Five CREZ wind energy areas in West Texas and the Panhandle were selected. The transmission system that was needed to move the wind energy to the large metropolitan areas was designed to move about 18.5 gigawatts, an increase of about 8.5 gigawatts from the installed wind capacity as of the end of 2011. The CREZ transmission system was initially expected to cost $4.9 billion. The most recent estimate is $6.9 billion.[10] Ratepayers, rather than the industrial wind developers, will be required to pay for the costs through monthly billings.

References:

(1) DSIRE Database of State Incentives for Renewables & Efficiency; Federal Incentives/Policies for Renewables & Efficiency/Renewable Electricity Production Tax Credit (PTC): http://dsireusa.org/incentives/incentive.cfm?Incentive_Code=US13F&re=1&ee=1 ; Summary Maps- RPS Policies: http://dsireusa.org/summarymaps/index.cfm?ee=1&RE=1

(2) Exhibit 2: Annual Wind Capacity Increases, Impact of Tax Policies on the Commercial Application of Renewable Energy Technology; Testimony of Lisa C. Linowes; U.S. House of Representatives, Committee on Science, Space, and Technology/Subcommittee on Investigations and Oversight/Subcommittee on Energy and Environment; April 19, 2012

(3) "Beyond Boom & Bust- Putting Clean Tech on a Path to Subsidy Independence", April 2012; http://www.brookings.edu/papers/2012/0418_clean_investments_muro.aspx

(4) ERCOT Historical Data, Monthly RT, 2012-01-01 to 2012-05-09, GDF SUEZ Energy Resources; http://www.gdfsuezenergyresources.com/index.php?id=313

(5) "Impact of the Production Tax Credit on the U.S. Wind Market", prepared for the American Wind Energy Association by Navigant Consulting, Inc., December 11, 2011; http://awea.org/_cs_upload/learnabout/publications/reports/12538_3.pdf

(6) "Estimates of Federal Tax Expenditures For Fiscal Years 2011-2015", Joint Committee on Taxation, January 17, 2012

(7) "DTE Energy seeks wind energy proposals", DTE Energy News Release, May 3, 2012; http://dteenergy.mediaroom.com/index.php?s=26817&item=127952

(8) "BP and Sempra U.S. Gas & Power Move into Full Construction Of $800M Wind Farm in Kansas", BP Alternative Energy release, April 4, 2012; http://www.bp.com/genericarticle.do?categoryId=9024973&contentId=7074159

(9) "Preliminary Analysis of the Jobs and Economic Impacts of the Renewable Energy Projects Supported by the 1603 Treasury Grant Program", NREL Technical Report NREL/TP-6A20-52739, April 2012

(10) "April 2012 Update", Public Utility Commission of Texas CREZ Transmission Program Information Center; http://www.texascrezprojects.com/page29605015.aspx

Attachment 2

Witness/Organization Supplemental Information

Witness: Robert Weatherford, President, Chairman of the Board of Directors

Organization: Save Our Scenic Hill Country Environment, Inc. (SOSHCE)

Address: 10212 Ranch Road 965, Fredericksburg, Texas 78624

Phone number: 830-685-3063

Fax number: 830-685-3063

Website address: soshillcountry.org

Email address: rweatherford@ctesc.net

Other SOSHCE Directors and Officers

Dale Geistweidt

Ron Gillet

Lee Harbin

Dennis Kusenberger

Tim Lehmberg

Peter Mear

Kevin Pickard

John Pipkin

Bill Renfro

Billy Teague

Michele Thompson

Ray Tschirhart

Leo Tynan

Statement of Scott Synnestvedt

I, Scott Synnestvedt, Electrical Engineer in Fairless Hills PA respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

If we extend the PCT we will:

- Support current employment and growth of employment in the market of wind turbine and wind farm manufacturing and the many auxiliary industries that feed these

- Enable the US to participate and potentially lead in an industry that we *can* compete in internationally

- Develop the technologies that allow us to be more energy independent in the long term, and develop a more robust, distributed grid

If we do not extend the PCT we will:

- Essentially kill the US participation in the global industry of wind power.

- Perpetuate the ignorance of our society by not demonstrating the foresight ***required*** to achieve a decent standard of living for generations to come.

- Promote the destruction of our environment, by not creating a market outside of fossil fuels. Many 'conventional' energy companies are currently recovering natural gas through 'fracking' which is destroying mountainsides, waterways, ozone and quality of life

I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Scott Teresi

I, Scott Teresi, a web developer in Columbus, Ohio, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The amount of wind capacity in Ohio is estimated at 152TWh per year (not including offshore capacity of Lake Erie). This is almost enough to cover Ohio's entire electricity demand!

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Statement of Second Wind

Second Wind

366 Summer Street

Somerville, MA 02144

781.789.1400

Larry.letteney@secondwind.com

Hearing on Certain Expiring Tax Provisions

Second Wind was founded in 1981 by Walter Sass and Ken Cohn, Electrical and Mechanical engineers that formed Second Wind in Somerville, Massachusetts. Their mission was to address the pressing need in the Wind Industry to measure the wind in support of wind energy development and operations.

For 25 years they brought innovative technology and products to the market in the form of wind data loggers and wind farm management systems. In 2006, they had a breakthrough idea to use sound waves in a ground based system to measure the wind (Triton Sonic Wind Profiler) at heights where modern wind turbines were operating. Private Equity and a professional management team followed and the company grew dramatically from 2008-2010, earning ranking in the Inc. 5000, doubling the employee base and opening a 24,000 square foot manufacturing facility in Newton, Massachusetts.

The company fostered a uniquely American culture:

- Second Wind pays full health care costs for all employees
- We are dedicated to training tradespeople: plumbers, carpenters and electricians to produce advanced technological products that we export to over 40 countries with significant business in China and India.
- 95% of the component cost of the Triton Sonic Wind Profiler are sourced from American manufacturers

During 2010, the Triton business doubled with headcount reaching 65 and a 5 year plan to hire over 100 more team members in manufacturing, field customer support and sales.

As 2011 began, the largest US Wind Developers quietly assessed the pending expiration of the Production Tax Credit at the end of 2012 and within a few months ceased virtually all new wind development activities. Second Wind's products and services are leading indicators of wind development and job creation and so our full order book suffered delays, and then mass cancellations.

Second Wind responded in the only way we could. We shifted our efforts to international sales and in June 2011, and were forced to reduce our headcount by 30%. Our current situation is that we forecast nearly no new development in 2012 and beyond in the US and we are faced with two potential scenarios:

- Congress rapidly passes the Production Tax Credit. In this case we will hire back 20 employees this year and possibly more depending on the recovery rate of the Wind Industry
- Congress extends the Production Tax Credit in the final hour in late December, 2012. We will try to maintain our headcount, eliminate our research in new innovations and applications for our technology. We will be forced to explore strategic alternatives for the company, including a sale of our Intellectual property and business. The most obvious buyer would be a large Manufacturer in an emerging market such as India or China.

We are grateful for the past support of the US Government for the wind energy industry, however, the lack of long term support has impaired our ability to create well paid, American manufacturing jobs.

Second Wind is the tip of the spear. I've had discussions with dozens of American wind manufacturing CEO's and the consequences of not acting quickly are clear. The entire industry we've build in the United States, supporting tens of thousands of jobs will collapse with a speed unseen in the modern history of the industrial sector.

Please act quickly to support the Production Tax Credit.

Sincerely,

Larry Letteney

CEO Second Wind

Statement of Sharon Stevenson

April 24, 2012

Re: Wind energy production credit

The PTC should be extended as soon as possible. The business people who have invested in the Wind Power industry should be able to make long range plans which will enable the businesses to make the most of every dollar. And employees should be able to know where their job will be 'next month'. And we certainly don't want to lose any more jobs in our economic struggles now.

I am a believer in the idea that our country should have diversity in our means of producing power. We have to use our creative abilities to "cover all the bases" when planning for our needs in the future. As with any issue, it's never a good idea to be so narrowly focused on one path to energy, that we leave ourselves and our future Americans overly dependent on one method for fulfilling those needs. We all know that monopolies are not good for competitive pricing and innovation. Being able to know that we can keep our businesses, homes and machines, hospitals, etc. operable is the responsible, 'good management' way of taking care of our business...of running our country.

I lived in Odessa Texas for 11 years, and was continually frustrated by the smell of the petrochemical plant nearby. Depending on the wind direction, the whole city would have rotten egg smell all day. And in addition, the environment was damaged and cluttered with that the equipment needed to produce oil and gas. So when we drove I-20 highway from Dallas recently and saw the huge wind industry equipment my first reaction was to remark that this equipment is so much better than the oil industry or coal industry footprint. It certainly isn't invisible, but I sure couldn't smell it, and while there were hundreds of wind turbines, the landscape looked a little surreal, but not nasty and cluttered. No energy source development can avoid affecting it's surroundings, but we must address the size of the affect.

Thank you for your time to read my remarks. And please make the best decision for our country's future financially and environmentally.

Sharon Stevenson

Statement of Shawnee McLemore

I respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. Wind farms can revitalize communities – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Shawnee McLemore

San Diego, Ca.

Statement of Sheila Salvatore

Sheila E. Salvatore
10172 Campbell Road
Sauquoit, New York 13456
315.737.1704 – davesne@roadrunner.com

May 9, 2012

RE: Hearing on Certain Expiring Tax Provisions

Dear Committee on Ways and Means Members:

For 20 years, taxpayers have propped up the industrial wind energy industry. Despite billions and billions of dollars ($14 billion last year) given to them via the production tax credit, the more recent investment tax credit, and other tax and regulatory provisions, as well as loan guarantees and outright grants, the industry still continues to demand our hard-earned tax dollars.

And even after 20 years of such largesse, the industry can not show any meaningful benefit concerning any energy, pollution, or carbon problem. Not ONE conventional power plant has been shut down, despite thousands of industrial turbines in operation.

Instead, rural communities have been left divided, landscapes degraded, bird and bat populations threatened, and already dwindling natural habitats destroyed. Farmers use of pesticides have climbed, due to the lack of bats to naturally control insects.

I urge you to END the Production Tax Credit, the Investment Tax Credit, and any other federal support of industrial wind energy.

Sincerely,

Sheila E. Salvatore

Statement of Sherrin Loyd

Please extend the wind energy production tax credit as soon as possible.

Over the years, I've watched the wind farm(s) in Livermore, California. Every time I drive by it makes me smile. I love the idea that wind, and the people corralling it, are helping to build the community with this home-grown energy source.

This tax credit provides an important incentive for the wind business to continue to help this local community, and others like it throughout the nation.

Thank you.

Sherrin Loyd, M.S.
Speech-Language Pathologist
VocalEase
9 Commodore Drive, A104
Emeryville, CA 94608

Statement of Siemens Energy, Inc. 1

Siemens, a leading wind project developer and manufacturer whose U.S. base is in Orlando, Florida urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

-I, Jeff Rainer, work for Siemens Energy in the wind division. I have worked in the wind industry for the past 11 years with both General Electric and Siemens. I can personally attest to the lack of PTC directly affecting my ability to work and provide for my family. There is no stronger example of that than my next assignment. It will not be in Texas, Colorado, Washington, Oregon, Iowa or any of the other states that have been so receptive to wind energy it will be in Brazil. These states will not see the benefit of green energy and the jobs that come with it, Instead this year my company has plans to have me teach Brazilians what we have painstakingly learned for ourselves in the past decade of wind industry boom. Keep me home and productive.

I urge this committee to immediately take up an extension of the wind energy production tax credit.

Siemens.doc

Statement of Siemens Energy, Inc. 2

Submitted to the Ways and Means Committee, April 24, 2012

I, Gillian Saunders, a Business Improvement Manager for Siemens Energy Inc. in Orlando, FL respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

There are jobs hanging in the balance in America and they depend on this tax credit to be extended. Unfortunately, the wind industry is not yet sustainable at the current cost basis and the company I work for is working hard to drive down cost so that wind power will be cost competitive with other sources of energy production, like coal and gas plants. Until we are able to get to a competitive cost basis for wind power, our customers need this PTC to afford the installation of wind farms.

Our company has been able to create thousands of new jobs in America since the wind industry began growing in 2006. There were jobs created in Orlando, FL, Hutchinson, KS, and Fort Madison, IA at our main facilities. There were also numerous jobs created at the many wind farms themselves. There are truck drivers, crane operators, wind turbine installation technicians and many more people that are part of the value chain that is wind power.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

Gillian Saunders
Siemens Energy, Inc.
Americas Wind Power
Business Improvement Manager
4400 Alafaya Trail
Orlando, FL 32826-2399, USA
Office: +1 (407) 736-5412
Cell: +1 (407) 810-5984
gillian.saunders@siemens.com

Statement of Siemens Energy, Inc. 3

Submitted to the Ways and Means Committee, April 25, 2012

I, Tracey Bintemire, a Logistics Operations Manager for Siemens Energy Inc. in Orlando, FL respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

There are jobs hanging in the balance in America and they depend on this tax credit to be extended. Unfortunately, the wind industry is not yet sustainable at the current cost basis and the company I work for is working hard to drive down cost so that wind power will be cost competitive with other sources of energy production, like coal and gas plants. Until we are able to get to a competitive cost basis for wind power, our customers need this PTC to afford the installation of wind farms.

Our company has been able to create thousands of new jobs in America since the wind industry began growing in 2006. There were jobs created in Orlando, FL, Hutchinson, KS, and Fort Madison, IA at our main facilities. There were also numerous jobs created at the many wind farms themselves. There are truck drivers, crane operators, wind turbine installation technicians and many more people that are part of the value chain that is wind power.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

Tracey Bintemire
Siemens Energy, Inc.
Americas Wind Power
Logistics Operations Manager
4400 Alafaya Trail
Orlando, FL 32826-2399, USA
Office: +1 (407) 736-4264
Cell: +1 (407) 712-4214
Tracey.bintemire@siemens.com

Statement of Siemens Energy, Inc. 4

Submitted to the Ways and Means Committee, April 25, 2012

I, Nidhi Verma, an Engineer for Siemens Energy Inc. in Orlando, FL respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

There are jobs hanging in the balance in America and they depend on this tax credit to be extended. Unfortunately, the wind industry is not yet sustainable at the current cost basis and the company I work for is working hard to drive down cost so that wind power will be cost competitive with other sources of energy production, like coal and gas plants. Until we are able to get to a competitive cost basis for wind power, our customers need this PTC to afford the installation of wind farms.

Our company has been able to create thousands of new jobs in America since the wind industry began growing in 2006. There were jobs created in Orlando, FL, Hutchinson, KS, and Fort Madison, IA at our main facilities. There were also numerous jobs created at the many wind farms themselves. There are truck drivers, crane operators, wind turbine installation technicians and many more people that are part of the value chain that is wind power.

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

Nidhi Verma
Siemens Energy, Inc.
Americas Wind Power
Sr. Customer Order Engineer
4400 Alafaya Trail
Orlando, FL 32826-2399, USA
Office: +1 (407) 736-3941
nidhi.verma@siemens.com

Statement of Siemens Energy, Inc. 5

To: Ways and Means Committee
Re: Extend the PTC immediately!

I, Mark Albenze, CEO of Siemens Energy's Wind Power Americas business, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Siemens Energy is a manufacturer of utility-scale wind turbines, with its Americas operations headquarters in Orlando, Florida, and manufacturing plants in Hutchinson, Kansas, and Fort Madison, Iowa, among other locations throughout the U.S. Our 1,800 U.S. employees are currently manufacturing and installing a record number of wind turbines for our 2012 projects in order to meet the December 31, 2012 installation requirement for developers of wind farm projects to receive the tax credit. However, the short-term future of wind power beyond this deadline is uncertain. We are waiting on Congress to send clear signals that would give the wind power industry the certainty needed to plan for the future. We are doing the best we can to manage external forces such as the PTC uncertainty and natural gas prices developments, but with consequences. I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,
Mark Albenze
CEO, Wind Power Americas
Siemens Energy, Inc.

To: House Ways and Means Committee Members
From: Ivy Main, Vice Chair, Sierra Club, Virginia Chapter
Re: Hearing on Certain Expiring Tax Provisions
Date: May 4, 2012

The Virginia Chapter of the Sierra Club supports the extension of the Production Tax Credit for wind energy and urges Congress to take immediate action to avoid further job losses in the wind industry related to uncertainty over the PTC.

Although Virginia currently has no wind farms, it holds great promise for wind energy, especially offshore. The National Renewable Energy Laboratory estimates that Virginia has enough offshore wind resources to meet the state's entire energy demand. As a first step, the Bureau of Ocean Energy Management has designated a Wind Energy Area capable of supporting up to 2,400 megawatts of wind power capacity off the coast of Virginia. Eight companies have expressed interest in developing some or all of the lease blocks. Two separate economic impact studies have concluded that the build-out of offshore wind off the coast of Virginia will create an estimated 10,000 career-length jobs and add millions of dollars in economic development.

A number of on-shore wind farms have also been proposed in Virginia. At least two are ready to be developed but have been stalled for economic reasons. In addition to construction jobs and clean, renewable energy, these wind farms would bring much-needed tax dollars for localities in western and southwestern Virginia that have been hard-hit by the recession.

Wind energy is on the way to becoming competitive with fossil fuels; indeed, in some states it already is. This is remarkable when one considers that fossil fuels have large external costs not reflected in their price, including the cost to the public of air and water pollution, greenhouse gas emissions, and health impacts associated with pollution. When these costs are considered, even the most expensive offshore wind projects are cost-competitive today. Since these costs are not currently factored in to what ratepayers pay, however, the federal government should use the PTC to ensure that the wind industry continues to develop and to provide clean, domestic renewable energy.

The PTC has proven to be critical to the development of the American wind industry to date. We urge the Committee to take immediate action to extend it.

Yours truly,

Ivy Main, Vice Chair
Sierra Club, Virginia Chapter
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Richmond, VA 23219
703-967-2876
ivymain@cox.net

Silicon Valley community foundation

May 4, 2012

Chairman Dave Camp
House Committee on Ways and Means
1102 Longworth House Office Building
Washington D.C. 20515

Dear Chairman Camp:

On behalf of Silicon Valley Community Foundation, I urge you to reinstate the expired charitable giving tax incentives (known as "extenders"), which support the ability of charities to provide programs and services that assist individuals and families and benefit communities across the country.

Millions are served by the essential work of public charities, which is made possible in part by the charitable giving incentives contained in the extenders package. These include provisions that encourage donations of food to help those in need, computers to help people who are unemployed look for work and books to economically disadvantaged children. Other provisions encourage the rollover of individual retirement account funds to charities, and the donation of land conservation easements to preserve open spaces for generations to come.

All of these incentives, along with the rest of the tax extenders package, expired at the end of 2011, cutting off this important stream of funding to many charities across the country at the same time they have seen demands for their help increase. Donors need to use these charitable incentives to make larger contributions. Our constituency here in California depends on the programs and services charities provide throughout the year – not just at tax time – and charitable organizations require resources on a year-round basis. The people we serve cannot wait for Congress to reinstate these provisions until the end of this year or next.

We respectfully ask that these incentives be reinstated immediately, so that the donors and the charitable organizations we serve do not experience any more uncertainty or disruption of their work.

Sincerely,

Emmett D. Carson

Emmett D. Carson, Ph.D.
CEO and President

Cc: House Committee on Ways and Means

2440 West El Camino Real, Suite 300 | Mountain View, California 94040-1498 | tel: 650.450.5400 | fax: 650.450.5401 | www.siliconvalleycf.org

Silicon Valley Tax Directors Group

Statement for the Written Record

House Committee on Ways and Means, Subcommittee on Select Revenue Measures

Hearing on Certain Expiring Tax Provisions

April 26, 2012

R&D Credit

The uncertainty and complexity of the R&D credit is perfect example of how the United States has fallen behind in terms of providing tax policies that help American companies compete globally. In 2011, the credit expired for the fifteenth time in its history, and so companies again are in a situation where decisions on whether to invest in the U.S. to create intellectual property have to be made without regard to the potential tax credit.

The impact of this uncertainty is increased by the fact that the United States has fallen behind other nations in providing incentives for innovation and the creation of intellectual property. The U.S. currently ranks toward the bottom of OECD nations in terms of R&D tax rate incentives. As a result, current policies undermine the prospects for American workers by encouraging the migration of research and development activities to other countries with more predictable, more favorable tax treatment.

The Silicon Valley Tax Directors Group believes the United States needs a permanent and enhanced R&D tax credit that promotes investment in U.S.-based creation of intellectual property.

Silicon Valley Tax Directors Group
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Capitola, CA 95010
Phone: (831) 465-8204
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Co-chairs

Jeff Bergmann, NetApp, Inc.
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Email: jeff.bergmann@netapp.com

Barry Slivinksy, Adobe Systems, Inc.
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Seagate Technology
Silver Spring Networks
SMART Modular Technologies Corp.
Symantec Corporation
Synopsys, Inc.
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VMware Corporation
Xilinx, Inc.

Submitted Testimony of the Distributed Wind Energy Association
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
May 10, 2012

Organization: Skylands Renewable Energy, LLC

Name: Roger Dixon, Owner of Skylands Renewable Energy and Founding Member and current Board Member of the Distributed Wind Energy Association (DWEA)

Address: 3 Thads Hill Road, Hampton, NJ 08827

Phone: 908.337.2057

Contact: Roger Dixon, Owner of Skylands Renewable Energy
roger.dixon@skylandsre.com

I am Roger Dixon, Owner of Skylands Renewable Energy, Founding Member and current Board Member of the Distributed Wind Energy Association (DWEA). I submit this testimony as the owner of Skylands Renewable Energy and an active member of (DWEA)

Skylands Renewable Energy is a family owned business operating out of Hampton, New Jersey and serving the tri-state area (NJ, PA, NY). Although Skylands is engaged in the design, sales and installation of renewable energy systems, including small wind turbines, photovoltaic (PV) solar, micro-hydroelectric and hybrid systems, our primary focus for 37 years has been small wind turbines. We also focus strongly on energy efficiency and the education/consultation of appropriate zoning and permitting of renewable technologies, a subject that the DOE has determined to be the greatest barrier to the integration of small wind energy in the US.

The Distributed Wind Energy Association (DWEA) is a national trade association comprised of wind energy component manufacturers, distributors, project developers, dealers, installers, and advocates, whose primary mission is to promote and foster all aspects of the US distributed wind energy industry. DWEA has dozens of member companies located throughout the United States of which Skylands is a founding member.

"Distributed wind," also commonly referred to as "small" or "community wind," involves the use of typically smaller wind turbines at homes, farms, businesses, and public facilities to off-set all or a portion of on-site energy consumption. This segment of the renewable energy industry already represents approximately $2 billion in new energy infrastructure for America's rural communities and commercial and industrial energy consumers on an annualized basis.

Also, more than 80 percent of distributed wind turbines sold in the U.S. are manufactured here at home. American jobs are of utmost priority to us and our suppliers. We appreciate this opportunity to comment on certain expiring provisions that significantly impact our industry.

We urge the House Ways and Means Committee to approve and send to the full House of Representatives legislation that would immediately extend the § 48 ITC election through 2016 for all sizes of wind power projects. An ITC extension would maintain a level playing field among competing renewable energy technologies, provide business certainty to the smaller segments of the wind energy industry that are generally unable to utilize the PTC, and enable it to continue to deploy clean renewable, domestically produced energy, using American made equipment, to drive economic growth and job creation in communities across the country.

Thank you again for the opportunity to submit these comments and we look forward to working with you to ensure the continued expansion of this dynamic and growing American industry.

Sincerely,

Roger Dixon, President
Skylands Renewable Energy, LLC

MREA Certified Wind Site Assessor
NABCEP Certified Level 3 Small Wind Installer
OSHA/ASME/IACET Certified Rigging Instructor
Certified Advanced Tower Climbing, Safety & Rescue
NJ CEP (Clean Energy Program) Approved Wind Turbine Installer
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SMITH NMTC
Associates, LLC

May 10, 2012

Dear Committee on Ways and Means:

Re: **<u>Hearing on Certain Expiring Tax Provisions—Written Comments</u>**

Thank you for the opportunity to provide comments on certain expiring tax provisions. In support of the extension of the New Markets Credit, which expired on December 31, 2011 HR 2655, and the New Markets Tax Credit Extension Act of 2011, Smith NMTC Associates submits the following comments.

As an advocacy organization working on behalf of Qualified Active Low-Income Community Businesses (QALICBs), Smith NMTC can offer a valuable third-party perspective different from the views of other NMTC participants on the effectiveness and the efficiency of the New Markets Tax Credit ("NMTC") program. Through a bi-partisan effort, Congress created the NMTC program to incentivize sustained private sector investment in distressed low-income communities. The NMTC provides a seven year 39% federal tax credit which effectively encourages and results in sustained investment in numerous severely distressed communities nationwide. Our company has facilitated over $220,000,000 in NMTC deployment for fifty-seven (57) Habitat for Humanity affiliate QALICBs throughout twenty-five (25) states. Through these transactions, the NMTC program has:

- created or retained 1,243 permanent full-time jobs with benefits;
- created or retained 190 permanent part-time jobs;
- created 3,706 temporary construction jobs; and
- built 2,350 homes which have been sold to low-income families, thus ending the cycle of poverty and transiency that so many low-income families face.

These projects provide Habitat Partner Families (low-income persons and residents of low-income communities) with immediate asset and wealth creation on the day they close on their new Habitat home. The NMTC financing enables hard-working low-income residents to achieve the American Dream of homeownership with their energy efficient, often LEED-certified, Habitat homes. The Habitat Partner Families gain not only financially but also with the sense of pride they have from being a homeowner and the sense of community they share with their fellow homeowners.

Coming from overpriced substandard conditions, Habitat families move to a stable, safe neighborhood where they can safely raise their children. No longer moving from place to place, the homeowners' children's performance in school improves as they begin to identify with their own school and bond with their classmates and neighbors. Studies have shown that Habitat homeowners' children are more likely to finish high school and have become more successful in school.

The Habitat homeowners also traditionally pay less for their monthly mortgage payments than they were previously paying to live in tiny, unsafe, substandard rental housing. As a result, they are able to save more money – which they can use to invest and create further assets, and to spend in their local community thereby boosting the economy in that low income community.

Through the NMTC program, Habitat affiliates have ultimately provided 2,350 low-income families with affordable, for sale homes. The home building revitalizes neighborhoods in general, and especially neighborhoods that have suffered due to the recent foreclosure crisis. More property taxes flow to the community and the community's new stability spurs additional investment in the area.

Sincerely,

Niccole Garner
General Counsel
Smith NMTC Associates, LLC
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1712 Deer Creek Lane, St. Louis, MO 63124

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April 24, 2012

United States House Ways & Means Committee

RE: Hearing on Certain Expiring Tax Provisions

Ladies and Gentlemen:

I, Brent Stahl, Partner at Stahl, Bernal & Davies in Austin, Texas, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farms in my state and other states around the country revitalize entire communities – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for community schools and hospitals over the lifetime of the projects. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

Wind power also helps provide energy sources that do not need or consume large quantities of water. More traditional forms of energy require tremendous amounts of water, a resource that is becoming increasingly scarce in certain regions.

It is not just jobs that will be lost without the PTC. Communities will also lose large capital investments and operations that would generate revenue for those local communities for decades to come.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Thank You.

Sincerely,

Brent Stahl

Brent Stahl

Statement of Susan Steinhauser

I, Susan Steinhauser, a proud American living in Coconut Creek, Florida respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Since it is imperative that the United States 1) reduce its dependence on oil and 2) return to a state of economic growth, it seems obvious that the PTC must be extended. The PTC drives billions of dollars in private investment in homegrown American wind power each year. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Respectfully yours,

Susan Steinhauser

SUSTAINABLE
ENERGY
DEVELOPMENTS™

Submitted Testimony of the Distributed Wind Energy Association
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
April 26, 2012

Organization: Sustainable Energy Developments, Inc.
Name: Kevin Schulte, CEO & Cofounder
Address: 317 Route 104 Ontario, NY 14519
Phone: (585) 265-2384
Contact: kevin.schulte@sed-net.com

My name is Kevin Schulte and I am the CEO of Sustainable Energy Developments, Inc (SED), a small business located in Ontario, NY. I submit this testimony on behalf of SED and in support of testimony submitted by the Distributed Wind Energy Association (DWEA) of which SED is a member. We appreciate this opportunity to comment on certain expiring provisions that significantly impact our industry and our business.

SED is a leading developer and installer of distributed wind energy systems in the northeast with over 6.7MW of installed capacity to date. SED was founded in 2002 and our 50 projects have generated more than 40 million kilowatt-hours of clean, renewable electricity. The extension of the Investment Tax Credit (ITC) is critical not only to ensure the long-term viability of our business and the 20 people it employs, but also to our clients looking to reduce their long-term energy costs, as well as their susceptibility to energy price volatility.

"Distributed wind," also commonly referred to as "small" or "community wind," involves the use of typically smaller wind turbines at homes, farms, businesses, and public facilities to off-set all or a portion of on-site energy consumption. SED wind turbine projects installed in the last 5 years have generated over $7 million in energy savings to our clients and have allowed our company to double in size in the last 5 years. This success could not have been realized without the presence of federal tax benefits, like the ITC. These are public dollars being turned directly into local private investment.

Community and distributed wind is a dynamic and growing segment of the renewable energy industry. It represented 5.6 percent of all new wind projects in the US in 2010 and that figure rose to over 7 percent in 2011. A unique aspect of most community and distributed wind projects is that local citizens and communities have an ownership stake in these projects, meaning many of the benefits of the project remain in the community, fueling clean energy development through renewable energy production, reducing costs for electricity, benefiting local economies, and driving job creation.

SED urges extension of the existing federal Investment Tax Credit (ITC) for all new wind power projects through 2016, which is crucial to the continued growth of this emerging industry and our business. To date, our projects have relied entirely on the ITC to obtain the necessary financing to develop and install wind turbines.

With the uncertainty around the extension of the ITC, our clients have been forced to delay projects that could be preparing for construction and generating economic benefits in 2013. As a result, SED has been forced to put off investments, such as new hires or equipment into our firm. The possibility of the ITC not being extended, would pose devastating consequences to the survival of our business, as well as the distributed wind energy industry as a whole.

For the reasons stated above, we urge the House Ways and Means Committee to approve and send to the full House of Representatives legislation that would immediately extend the § 48 ITC election through 2016 for all sizes of wind power projects. This extension would result in immediate economic impacts to our projects and our company, spurring local investment and creating jobs.

Thank you again for the opportunity to submit these comments. We look to your leadership on this matter to ensure that this promising industry will continue to grow.

Cheers,

Kevin M Schulte

Kevin Schulte
CEO & Cofounder
Sustainable Energy Developments, Inc.

Sustainable*Strategies*

Bob Belick
P: 630-879-0300
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April 24, 2012

To: Honorable Dave Camp: Chairman
Members of the Congressional Ways and Means Committee

Regarding: Hearing on Certain Expiring Tax Provisions

Dear Chairman Camp and Committee Members:

I am writing this letter urging Congress to extend the Production Tax Credit (PTC) for renewable, wind energy as soon as possible.

In the best interest of stability for an industry that has created jobs and careers here in the United States over the past five years during the most economically challenging time since the depression, extension of the aforementioned tax provision insures continued economic growth while addressing the major issues of energy price stability, national energy security and environmental stewardship.

Congress has and continues to provide tax provisions for the coal, oil, gas and nuclear industries. It's time Congress provides long term support for a clean energy strategy and economy by extending the PTC. It's time Congress treats <u>all</u> forms of energy generation with equal tax provision support.

We realize Congress can not "flip a switch" to address our energy issues relating to fossil fuel based energy generation. However by generating clean, renewable energy in our communities we begin the transition to a local, energy generation strategy that economically, environmentally and socially benefits each and every constituent.

On behalf of our communities, our children and our grandchildren I urge your consideration and support of this important tax provision.

I thank you Chairman Camp and Committee Members for your immediate action to extend the PTC.

Best Regards,
Bob Belick

Statement of Tara Truett

Supplemental Sheet

Tara Truett
6188 Chamberlain Road
Hamilton, NY 13346
tara.truett@yahoo.com

Title of Hearing: Hearing on Certain Expiring Tax Provisions

I urge you to END the Production Tax Credit, and any other form of federal support of industrial wind energy. For two decades, the wind companies have benefited from tax breaks and other regulatory provisions and still they want more. None of the benefits espoused by the wind companies, such as clean energy, less pollution and carbon problems have materialized. These companies are interested in financial gain and not the purported gains they claim when they come waving their contracts to needy farmers and landowners. Stop giving the wind companies money, which they in turn use to invade small rural communities, turning neighbor against neighbor and destroying the homes we have invested our lives building and maintaining. If the wind companies can provide all they say and make a profit without ANY governmental help, let them go for it. Watch how quickly they creep away! Once the financial benefits are removed, they will be gone. They are in it for the money, not the environment and especially not for the people. Honest hardworking people go to work everyday and make a living without government subsidies, corporations and huge energy companies should do the same. Please STOP spending out tax dollars to line the pockets of the industrial wind companies NOW.

Sincerely,

Tara Truett

Statement of Tawny Mackey

Name,: Tawny Mackey
Organization (if applicable): Vestas American Wind Technology
Address: 2130 Ryeland Lane, Fort Collins, CO 80526
Phone Number: 970-674-6359
Contact E-mail Address: tamac@vestas.com
Title of Hearing: Hearing on Certain Expiring Tax Provisions

Dear Ways & Means Committee:

I am writing today to implore your commitment to extending the Production Tax Credit for renewable energy. I know that your members have well-funded friends in the Oil & Gas industries who would like to see renewable energy, like wind, promptly quashed. However, I would like to impress the very real impact on real people that would occur if the Production Tax Credit is allowed to expire on 12/31/12. I don't say this as a production worker, as I have a white-collar position within Vestas. But my job (which is being outsourced to India in June, by the way) is to help great American workers gain careers within Vestas, giving them a sustainable future in renewable energy. THESE are the people that will be gravely impacted by a PTC expiration. Not only will individuals and their families be adversely affected, the entire economy of the state of Colorado will be negatively affected.

PLEASE EXTEND THE PRODUCTION TAX CREDIT. YOU TOOK AN OATH TO DEFEND THE CONSTITUTION AND TO REPRESENT THE CONSTITUENTS WHO ELECTED YOU, EVEN IF IT WAS THE CORPORATIONS THAT HELPED FUND YOUR ELECTION CAMPAIGNS.

PLEASE STAND UP AND DO WHAT'S RIGHT FOR THE **AMERICAN MAJORITY**, NOT THE AMERICANS THAT HOLD THE MAJORITY OF THE RESOURCES IN THIS COUNTRY.

MAY YOU PLEASE FIND IT IN YOUR HEART TO MAKE THE RIGHT CALL, **AND IF YOU DON'T, I HOPE YOUR CONSCIENCE EATS AT YOU FOR THE REST OF YOUR DAYS.**

THAT IS ALL.

Submission of Team Schierl Companies

to the Select Revenue Measures Subcommittee of the House Ways and Means Committee Hearing on Certain Expiring Tax Provisions Thursday, April 26, 2012

Contact: Nichol Taylor
Association Services Representative
2201 Madison Street
Stevens Point, WI 54481
www.teamschierl.com

Team Schierl is submitting the following comments in conjunction with the April 26 Select Revenue Measures Subcommittee hearing on "Certain Expiring Tax Provisions." In particular, we offers comments in support of retroactively extending provisions relating to the Work opportunity tax credit (WOTC), one of the tax credit provisions collectively referred to as the "tax extenders".

As many others have noted, the tax reform in which these tax extenders will be evaluated may take some time to accomplish. Until that occurs, it is important to maintain certain tax provisions that help to stimulate investment and jobs. These provisions need to be extended as expeditiously as possible to eliminate business uncertainty that is causing delays in investment and hiring.

For small businesses such as ours, WOTC has had proven results. WOTC has become an important tool to help job creators like us hiring and training our workforce. It is not enough to reduce employee social security contributions and provide funds to unemployed. If Congress wants to support business growth and reduce unemployment, particularly amongst the least skilled, it needs to help businesses like ours by reducing the cost of hiring, on-boarding, and training.

Business uncertainty that has resulted from Congressional delay in extending these provisions has led to a slowdown in investment and hiring. It is critical for businesses such as ours that the current tax system provides certainty in the interim.

We respectfully urge this Subcommittee to act expeditiously to extend business tax "extenders," and particularly the Work Opportunity Tax Credit Program, until such time that tax reform can be enacted.

Nichol Taylor

Nichol Taylor
Association Services
Team Schierl Companies
Phone: 715-345-5060 x329

Statement of Teresa Cameron

Teresa Cameron
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Roseville, CA 95678
(916) 783-3644
tcam@surewest.net
April 24, 2012

Hearing on Certain Expiring Tax Provisions

I, Teresa Cameron, retired Clinical Laboratory Scientist, respectfully urge Congress to extend the Wind Energy Production Tax credit as quickly as possible.

The City of Roseville (Califonia) Utilities uses a variety of renewable resources, including wind, to generate electricity. Continuing the tax credit would allow more businesses to delve into this industry, generating clean energy and jobs. This would also allow utility companies to purchase more wind energy which would in turn lower utility costs. This would be a win-win situation, lowering energy costs while increasing tax revenues from additional businesses coming on line.

Again, I urge Congress to extend the Wind Energy Production Tax.

Sincerely,
Teresa Cameron

INVESTMENT COMPANY INSTITUTE

1401 H Street, NW, Washington, DC 20005-2148, USA
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Statement of the Investment Company Institute
Hearing on Certain Expiring Tax Provisions
Subcommittee on Select Revenue Measures
Committee on Ways and Means
United States House of Representatives

April 26, 2012

The Investment Company Institute ("ICI")[1] appreciates the opportunity to describe for the Subcommittee the reasons why temporary tax provisions impacting the competitiveness of U.S. regulated investment companies ("RICs") should be made permanent. These provisions reflect sound policy judgments made by this Subcommittee and the Congress on fundamental structuring issues impacting the ability of RICs, more commonly known as mutual funds, to compete with foreign funds for foreign investors.

The ICI applauds the Subcommittee for examining carefully all expiring provisions and seeking to make permanent those that achieve important long-term objectives such as spurring economic growth and job creation and enhancing the competitiveness of U.S. businesses in the global marketplace. The provisions discussed below achieve these objectives by exempting foreign investors in a RIC from U.S. tax on certain amounts that would be exempt if received directly by these investors.

The ongoing temporary nature of these provisions (enacted in 2004 and extended twice), however, limit their usefulness. Making permanent these provisions would enhance substantially the attractiveness of RICs to foreign investors. Making this change expeditiously would be particularly beneficial because withholding must be imposed on all distributions

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[1] The Investment Company Institute is the national association of U.S. investment companies, including mutual funds, closed-end funds, exchange-traded funds (ETFs), and unit investment trusts (UITs). ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. Members of ICI manage total assets of $13.3 trillion and serve over 90 million shareholders.

made after these provisions expire (which already has happened, as discussed below, for shareholders of many RICs).

Background

RICs in the Global Marketplace

Individuals around the globe are becoming increasingly attracted to funds to meet their diverse investment needs. Worldwide mutual fund assets totaled $23.13 trillion as of September 30, 2011.[2] The U.S. industry's share of worldwide fund assets has declined. As of September 30, 2011, less than half of the worldwide mutual fund assets ($11 trillion) were in RICs.

RICs offer numerous advantages that should be attractive to foreign investors. In addition to the expertise provided by the industry's portfolio managers and analysts, particularly with respect to the U.S. capital markets, the U.S. securities laws provide strong investor protections. Foreign investors' holdings of RICs, however, are negligible.

The Internal Revenue Code ("Code") creates certain competitive difficulties for RICs seeking to compete with foreign funds for foreign investors. These difficulties arise because RICs are corporations that distribute their income annually as dividends. While income and capital gains are not subject to U.S. withholding tax under section 1441[3] when paid to a individual investor who is neither a citizen nor resident of the U.S. (a non-resident alien), dividends are subject to this withholding tax. Thus, absent a Code provision providing that the tax character of this income "flows through" to its investors, RIC shareholders are subject to withholding on certain amounts that would be exempt from withholding tax if received directly by foreign investors.

The Code does provide flow-through treatment for the long-term capital gains realized on RIC portfolio transactions. Specifically, the Code treats distributions of long-term capital gains as a "capital gain dividend;" this flow-through provision exempts a non-resident alien investor from U.S. withholding tax on a RIC's long-term capital gains.

No comparable flow-through solution is provided for interest and short-term capital gains. The flow-through treatment for these types of income, as discussed below, is provided only by the expiring provisions.

Section 871(k)

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[2] http://www.ici.org/research/stats/worldwide/ww_09_11.

[3] All references to section, unless indicated otherwise, are to Code sections.

Section 871(k) was added by the American Jobs Creation Act of 2004[4] to exempt foreign investors in an electing RIC from U.S. withholding tax on "interest-related dividends" and "short-term capital gain dividends." Interest-related dividends are amounts attributable to an electing RIC's U.S.-source interest income; short-term capital gain dividends are amounts attributable to an electing RIC's short-term capital gains. Section 871(k) permits electing RICs to "flow through" to their foreign shareholders the character of this income.

Prior to section 871(k)'s enactment, foreign investors in RICs were subject to U.S. withholding tax on amounts attributable to RICs' interest income and short-term capital gains because these amounts were treated under the Code as ordinary dividends.[5] Conversely, foreign investors are not subject to U.S. withholding tax on interest and short-term capital gains if the investments instead are made directly in the underlying securities or through foreign funds. Because of this disparate treatment, the Congress enacted section 871(k) to level the playing field and encourage foreign investment in RICs.

As originally enacted, however, section 871(k) was effective for only three years, beginning with a RIC's first taxable year beginning on or after January 1, 2005. This section was extended twice, for two years each time, in 2008 and 2010. Thus, section 871(k) currently is set to expire for dividends with respect to tax years of RICs beginning after December 31, 2011.

Section 2105(d)

Section 2105(d) also was enacted by the American Jobs Creation Act of 2004. This provision effectively provides foreign investors in a RIC that has elected section 871(k)'s application with the same estate tax treatment they would receive if they held directly the portfolio securities held by the RIC.

A non-resident alien generally can invest in U.S. debt obligations without any concern that these assets would be treated as property within the U.S., and therefore part of the individual's gross estate subject to U.S. estate tax, should the person die while holding these assets. Prior to section 2105(d)'s enactment, however, if the same investment were made indirectly through a RIC (such as a U.S. Government bond fund), the RIC shares would be treated as property within the U.S. and subject to the U.S. estate tax.

Under section 2105(d), RIC shares owned by a non-resident alien are not treated as property within the U.S. in the same proportion that the RIC's assets would be treated as

[4] Pub. L. No. 108-357.

[5] The regular withholding rules continue to apply if a RIC does not elect flow-through treatment under section 871(k).

situated outside the U.S. if held directly by the investor. This proportional determination is made at the end of the RIC's last quarter before the investor's death.

Section 2105(d) thus provides an estate tax "look-through" rule for RIC shares that corresponds to the interest-related dividend flow-through exception of section 871(k). If section 871(k) had been enacted without the corresponding enactment of section 2105(d), the interest-related dividend provision of section 871(k) would not have encouraged RIC investments by any non-resident alien investor with estate tax liability concerns. Section 2105(d), therefore, is an important element of any fundamental structuring initiative to make RICs more competitive in the international marketplace.

As originally enacted, however, section 2105(d) was effective only for individuals dying during the three-year period beginning January 1, 2005 and ending on December 31, 2007. This section, like section 871(k), was extended twice, for two years each time. Section 2105(d) in all cases has expired; only individuals who died between January 1, 2005 and December 31, 2011 were covered.

Reasons These Provisions Should be Made Permanent

Section 871(k) and section 2105(d) are important for RICs seeking to compete with foreign funds for foreign investors. The additional investment in RICs, rather than in foreign funds, benefits U.S. money managers (who hire U.S. workers and pay U.S. taxes) and the U.S. capital markets.

These provisions, as discussed above, provide foreign investors in RICs with the same U.S. tax treatment they would receive if they invested directly in a RIC's underlying portfolio securities. In some respects, it should be noted, even these rules do not go far enough to level the playing field. For example, the estate of a foreign investor in a foreign fund will not incur any U.S. estate tax on the fund shares – even if the fund holds only U.S. equities – whereas a foreign investor in a RIC holding the same securities would be treated as having property situated in the U.S. for estate tax purposes.

The temporary nature of section 871(k) and section 2015(d), however, has limited their utilization by RICs and their attractiveness to foreign investors. Many RICs, for example, have been sufficiently unsure of the provisions' long-term viability to incur the significant programming costs for the possibility of only temporary benefits. The sporadic manner in which these provisions have been extended has done little to convince RICs that the benefits will be long-lasting.

Uncertainty also has impacted investment decisions by foreign investors. Many such investors have been unwilling to make long-term investments in RICs without a long-term assurance that the flow-through benefits would be available. Some foreign investors who nevertheless have invested in RICs have redeemed their shares before receiving a distribution that would have been subject to U.S. withholding tax only because section 871(k)'s application had not been extended before it expired. A separate problem arises for those foreign investors who remain in the RIC after section 871(k)'s application has expired. Specifically, these investors can be forced to file U.S. tax returns to recover taxes, on amounts attributable to interest and/or short-term capital gains, that were collected by the RIC on distributions made during the period after section 871(k) expired and before it was retroactively reinstated.

Unlike most other expiring provisions, which generally need not be resolved until taxpayers are preparing to file tax returns, the flow-through provisions involve withholding taxes and should be addressed before they expire.

Proposal

The Internal Revenue Code should be amended to make permanent the flow-through/look-through treatment of sections 871(k) and 2015(d). Specifically, sections 871(k)(1)(C)(v) and 871(k)(2)(C)(v) – which contain the "termination" date for the flow-through of interest-related dividends and short-term capital gain dividends – as well as section 2105(d)(3) – which contains the "termination" date for the estate tax "look through" rule – should be stricken from the Code. These changes will enhance the international competitiveness of the U.S. fund industry, thus encouraging foreign investment in RICs and in the U.S. capital markets.

Statement of Theresa Ruscitti

I urge the committee to extend the wind energy production tax credit.

Thank you,

Theresa Ruscitti

THERMOCOR LLC

SUBMISSION OF WRITTEN COMMENTS FOR THE HEARING RECORD
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SELECT REVENUE MEASURES

HEARING ON CERTAIN EXPIRING TAX CREDITS

APRIL 26, 2012

Mr. Chairman, Ranking Member Levin and distinguished Members of the Committee:

ThermoCor is pleased to submit written comments for the record in connection with the April 26, 2012 hearing of the Committee on Ways and Means Subcommittee on Select Revenue Measures on the important topic of expiring tax provisions.

ThermoCor, a company based in Moraine, Ohio, manufactures Vacuum Insulation Panels (VIPs). VIPs are used as insulation in refrigerators to significantly improve energy efficiency and help manufacturers comply with federal energy efficiency standards. The manufacturer of a refrigerator made in 2011 which retailed for $400 and which used 35% less energy than the current refrigerator energy conservation standards qualified for a $200 tax credit under IRC section 45M. This tax credit was reauthorized for one year as part of the tax extenders package Congress passed in December, 2010; that credit expired on December 31, 2011.

We understand that legislation is being considered to extend the Section 45M incentive for consumers to purchase energy efficient refrigerators. If Congress decides to extend that provision, we urge that the legislative language be clarified to express what we believe to have been the intent of Congress from the beginning – that the "made in the US" requirement under this section extend to the refrigerator's components that allow for the efficiency target to be achieved rather than simply just the assembly of the refrigerator. This issue directly impacts our ability to grow our workforce and expand our operations and thus we urge Congress to remove the tax credit for refrigerators with foreign-made insulation components.

REASON FOR CHANGE

To qualify for the section 45M credit, the refrigerator must be made in the US. However, the law does not specifically require that the insulating products, the energy-efficiency heart of the refrigerator, be made in the US. Many refrigerator manufacturers use VIPs from China where the cost of production is somewhat lower ($4 to $10 per refrigerator) than US-made VIPs. To maximize US job creation, we are asking that the tax credit language be amended to require that the insulating components, including the VIPs, be made in the US to qualify the refrigerator as "US-made."

US-based VIP manufacturers provide hundreds of high-paying jobs in Ohio, New Mexico, Massachusetts and California. Mandating US-manufactured insulation for credit-eligible refrigerators will create hundreds more US jobs, while adding only a few dollars to a refrigerator's cost that would not be passed on to consumers.

POLICY CONSIDERATIONS

The legislative language we ask you to support would mandate that all insulation used in US-built refrigerators eligible for the section 45M tax credit be manufactured in the United States. While the United States welcomes products from our trading partners to ensure that our consumers have choices when shopping for appliances, we believe that the federal government's support for energy-efficient appliances should be limited to goods that increase US jobs, support US-based research and development, and ensure that the refrigerator not simply be assembled here, but the energy-efficiency components which make it eligible for the credit also be stamped "Made in the USA."

DRAFT LEGISLATIVE LANGUAGE

Section 45M(f)(5) strike "." after "feet" and insert "of which all insulation components or products utilized to achieve the defined energy standard shall be manufactured in the United States."

Brian Kohr
Chief Executive Officer

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Statement of Thomas Grey

Page 1 of 1 6/22/12

THOMAS S. GREY
DEPARTMENT OF MUSIC, STANFORD UNIVERSITY
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Ways and Means Committee
Washington, D.C.

Portola Valley, CA
24 April 2012

I, Thomas Grey (Professor, Music Department, Stanford University, Stanford CA) respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

- Share details on your perspective as to why Congress should not wait to extend the credit until just before or after it expires.

- Example: The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

- I urge the committee to take up an extension of the wind energy production tax credit right away.

Yours truly,

Thomas S. Grey

Thomas S. Grey
Professor of Music
Stanford University
tsgrey@stanford.edu

Statement of Thomas Wayne Jackson

I, Thomas Wayne Jackson, from Canterbury, NH, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Here is why the PTC should be extended immediately.

The PTC represents a super investment for the country, with each dolar invested producing three or four in direct and indirect business. It doesn't get much better than that! The PTC drives billions of dollars in private investment in homegrown American wind power each year. Wind farms bring in construction jobs at first, and maintenance jobs later, generating revenue for our communities schools and hospitals over many years... the working life of a modern windfarm is 20-25 years..

Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that. Wind turbines are beautiful and the fuel is forever free!

However, because wind turbine components are very large, complex and high tech, there are many subsidiary industries that are part of the equation. The cast iron nacelle frames, for example, are so large that only a few companies are able to cast them in a process that takes many weeks, from casting to curing under controlled conditions. There are fasteners, generators, gearboxes, electronics.cables etc. each sourced from American companies, trying to stage a comeback.

All this takes time to be brought up to speed. For this reason, it is imperative that the PTC be extended as soon as possible, so this chain doesn't grind to a halt and require a good six months to get going again.

Let's create quality jobs and energy independence at the same time... please renew the PTC now.

Thompson Engineering

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28 April 2012

Subject: Comments on the Wind Energy Production Tax Credit (PTC)

Summary
This memo urges the Congress to quickly extend the production tax credit (PTC) for wind and related renewables, such as through H.R. 3307. At only 2.2¢ per kw-hr, the PTC has proven extremely effective thus far in establishing this new, sustainable, clean energy source. A multi-year extension will cement these gains by attracting large, private investments leading to further develop of technology and markets. National security will be strengthened as wind-generated electricity for electric vehicles replaces imported fuel

Discussion
As a Professional Engineer with experience and one patent in renewable energy, I think the progress made by wind energy in recent years is absolutely exciting!

The Nation benefits in multiple ways from the startup of a whole new clean, sustainable, domestic energy source. Wind energy manufacturing already employs some 30,000 people at 400 sites in 43 states. In recent years, some 10 million horsepower (7,000 megawatts) have been installed each year. Iowa and South Dakota already get about 20% of their electricity from wind. Ohio has the potential for deriving 95% of its electricity from wind, according to the National Renewable Energy Lab (NREL). The estimated cost over 10 years of about $4 billion for the PTC -- which will further develop technology and markets in this new, vital, growth industry -- is in contrast to some $40 billion (also over 10 years) in federal subsidies currently being received by the 150-year-old oil industry.

As I know all too well from personal experience, the development and successful market implementation of technological innovations is extremely difficult, time-consuming, risky, and expensive. Clear proof of the effectiveness of the PTC program is provided by the fact that some 35% of the total new electric generating capacity installed within the U.S. in recent years has been wind energy! This growth correlates directly with the availability of the PTC. Similarly, the cost of wind-generated electricity has been dramatically reduced by more than 90% since 1980!

Perhaps the most important reason to further develop sustainable wind energy is national security. Wind-generated electricity reduces oil imports from the Middle East when that electricity is used in electric vehicles (EV's) and hybrids. Another invaluable synergism is the energy storage which EV batteries provide for wind-generated electricity.

Now is the time to build on the superb foundation already established through quickly extending the PTC for the long term

Hugh A. Thompson, M.S.M.E., P.E.

Statement of Tierra Farm & Grain Co.

I, Benita Lou Terrell, President of Tierra Farm & Grain Co. in Plainview, Texas, respectively urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The State of Texas is currently building a network of transmission lines to transfer electricity generated by wind from rural areas of the state to energy deficient metropolitan areas of the state. The transmission lines are scheduled to be completed in 2013. Investors who have exhibited interest in financing wind farms in our area are backing away. They state the indecision over PTC has impacted their decisions.

We are an agricultural area in the midst of a drought with farm subsidies shrinking. Wind farms will provide money for our schools and hospitals as well as jobs for our people. Early renewal of the PTC would encourage investment in wind farms providing energy and jobs for the State of Texas.

I urge the committee to take up an extension of the wind energy production tax credit early.

Statement of Tim Kearney

I, Tim Kearney, a Math Instructor at Bellevue College in Bellevue Washington *respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.*

I'm the father of a 7-year-old boy and I want him to have as bright a future as possible. I don't want him growing up in an over-heated world clouded by coal smoke.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm near my house revitalize my community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Aftermarket Services

ZF Services North America, LLC · 777 Hickory Hill Drive
Vernon Hills, IL 60061

House Ways and Means Committee
1102 Longworth House Office Building
Washington D.C. 20515

Attention: Chairman Dave Camp

Dept.	Executive
From	Tim Corcoran
Phone	(847) 478-6740
Fax	(847) 478-6813
E-mail	Tim.corcoran@zf.com
Your Ref	Statement Record
Our Ref	Tax Provision: PTC
Date	April 24, 2012

Dear Chairman Camp:

I, Timothy J. Corcoran, of Vernon Hills, IL, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. Wind farms revitalize the community – bringing in construction jobs at first, and maintenance jobs in the long term, and generating revenue for our community schools and hospitals over the lifetime of the project. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent thing for us to do – and this tax credit provides an incentive for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Sincerely,

Tim Corcoran
President & Chief Operating Officer
ZF Services North America, LLC

ZF Services North America, LLC
Headquarters
777 Hickory Hill Drive
Vernon Hills, IL 60061
Phone 1-800-451-2595
Fax 1-847-478-6813

Statement of Tlaloc Tokuda

Date: April 24, 2012

To: The Ways and Means Committee

From: Tlaloc Tokuda

Subject: Extension of the PTC

Dear Madams/Sirs,

I, Tlaloc Tokuda, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible. While I am now retired, my career revolved around renewable energy. I have worked as a solar technician in Micronesia, a renewable energy researcher at the University of Hawaii, Manoa, and as a lecturer at University New South Wales (Gen Studies) Australia, in renewable energy, efficiency, and globalization.

At a time when Congress is giving the rich a hefty tax break which often does not trickle down to the masses, Congress can do something that will trickle down to the masses: promote renewables by extending the PTC. The PTC has spurred millions of dollars in private investment across America in the past five years, and an extension will enable the industry to continue to do so. Renewables create far more employment than nuclear or other fossil fuel industries. Additionally, wind and other renewables are sustainable.

America must recapture its status as the leader of renewables and wind. Earlier Administrations have worked towards this. President Carter established a national energy policy that included conservation, price control, and new technology. He created many policies that promoted energy efficiency, conservation, and renewable energy, including the Public Utility Regulatory Policies Act (PURPA), which created the independent power producers. PURPA was the piece of legislation (along with Carter's newly created Department of Energy) that gave the US its creative edge in creating new wind turbines. This led to California leading the nation and world in wind energy. However, under the Reagan and the

Bush Administrations, these policy trends were reversed. The US has now lost its lead in wind and other renewables.

Millionaires, nuclear (which still gets the lion's share of federal subsidies) and fossil fuels are not going to save America. Renewables and wind will push in this direction.

Again, I respectfully urge the Committee to take up an extension of the wind energy production tax credit right away.

Sincerely yours,

Tlaloc Tokuda

Statement of Tom Hilgartner

Hello,

I am writing to urge in the strongest possible terms that the wind energy production tax credit (PTC) be extended. Building, installing, and maintaining the mechanisms needed for production of wind energy will create good paying jobs for Americans an a time when they are desperately needed. Entrepreneurs who create these mechanisms will help produce additional jobs.

And wind energy has few environmental drawbacks. It is eternally renewable, and American wind will be creating the energy for America's use. Clearly, at present, wind energy is not enough to meet all of America's energy needs--and may never be a "magic bullett" that will solve every energy problem we face. Such "magic bullets" will probably never exist. But all that means is that many partial solutions will need to be employed in order to replace (in the long term) and reduce America's dependence on (in the short term) fossil fuels and other environmentally damaging sources of energy we currently rely on.

The geopolitical impact of even a modest percentage of America's energy usage coming from wind power cannot be underestimated. Neither can the short-term and long-term business opportunities which sustainable energy sources (such as wind energy) will afford us.

One may argue about the timing, but the end of "easy oil" (and coal, and other non-renewable energy sources) is by definition inevitable. Sustainable sources of energy must be supported, developed, and built into the lifestyles of Americans and American culture; sooner or later, this will have to happen if America plans to have any access to energy at levels anything like what we currently use.

Planning ahead for this inevitable day would be a strategic move for the U.S. Congress. Failing to plan for it will simply mean a more painful (and potentially violent) transition to sustainable energy when the oil does run out (or, more immediately, when oil--and related energy products--become inordinately expensive for daily use for most Americans).

Again, I urge in the most powerful language possible that the wind energy production tax credit (PTC) be extended.

Thank you very much.

Mr. Tom Hilgartner

Mr. Tom Hilgartner
1229 Tenth Avenue
Huntington, West Virginia 25701
(304) 697-6038
thilgartner@kvctc.edu

TransitCenter

May 1, 2012

The Honorable Pat Tiberi
Chairman
U.S. House of Representatives Committee
on Ways & Means
Select Revenue Measures Subcommittee
1136 Longworth House Office Building
Washington, DC 20015

The Honorable Richard Neal
Ranking Member
U.S. House of Representatives Committee
on Ways & Means
Select Revenue Measures Subcommittee
1136 Longworth House Office Building
Washington, DC 20015

RE: Submitted for the Record for Committee "Hearing on Certain Expiring Tax Provisions," held April 26, 2012

Dear Chairman Tiberi and Ranking Member Neal,

On behalf of TransitCenter, Inc. and more than 2.7 million users of the transit portion of the commuter benefit nationwide, I write in support of testimony offered by Congressman Michael Grimm and Congressman James McGovern urging the Committee to include legislation to restore parity between the transit and parking portions of the commuter benefit as part of the next tax extenders bill advanced by Congress. In addition, I submit for the record a letter delivered to the Congressional leadership in February and signed by 30 interested organizations in support of this issue. This letter is attached below.

Beginning January 1st, 2012, transit riders who use the transit portion of the commuter benefit saw the cost of their commute rise because the monthly cap on the transit benefit was reduced from $230 per month to $125 per month -- almost a 50% drop. Meanwhile, people who drive to work and park their car received an increase in their monthly benefit from $230 month to $240 month. Congress' failure to pass legislation to extend parity between the transit and parking benefit at the end of 2011 is the equivalent of pursuing a policy that rewards drivers and punishes transit riders. This is particularly perplexing in light of rising gas prices – we should be rewarding use of public transportation.

If Congress does not act quickly, millions of transit and vanpool riders will continue to be taxed more than their fellow commuters who drive to work. This inequity will force many commuters out of trains, buses, and vanpools, and back into their cars which will only lead to increases in congestion, fuel consumption, lost production and wasted time that could be spent with their family. Transit operators are already reporting a drop in ridership since January. Restoring parity is especially important as more and more commuters turn to transit as a means to cope with high gas prices.

The transit benefit also provides small businesses and job creators with a financial incentive to help their employees increase their disposable income. This is a perfect example of how targeted and effective federal policy can provide employers with an opportunity to help their employees save money on their commute, while saving employers money that can be reinvested in their businesses to create new jobs. Congress should not continue to promote a policy that hurts businesses that are doing the right thing by providing their employees with transportation alternatives.

Rewarding those who drive to work while penalizing those who use public transportation is having a profound impact on millions of Americans who take transit every day – in all parts of the nation. While the majority of commuters who use the transit benefit reside in urban or suburban areas, many commuters in rural areas that use van pools rely on the transit benefit as well. Indeed, this inequity hits commuters in rural and outlying suburban areas the hardest, because they face the most expensive commutes. In addition, by encouraging commuters to use public transportation more frequently, and drive to work less, the transit benefit helps all Americans – by reducing congestion, reducing our reliance on foreign fuel imports, and preserving the environment.

Thank you for the opportunity to contribute to this important hearing, and taking this letter and testimony into consideration as you work to address important tax issues in the coming months.

Sincerely,

Paul J. Dean

Paul J. Dean
TransitCenter, Inc.

U.S. Chamber of Commerce • American Public Transportation Association • U.S. Conference of Mayors • National League of Cities • Employers Council on Flexible Compensation • Amalgamated Transit Union • Association for Commuter Transportation • Chicago Transit Authority • The Commuter Benefits Work for Us Coalition • The Community Transportation Association of America • Edenred USA • GVF • Los Angeles County Metropolitan Transportation Authority • Metropolitan Transportation Commission – San Francisco Bay Area • METRA (IL) • New York Metropolitan Transportation Authority • Pace Suburban Bus Services (IL) • Parsons Brinckerhoff • Regional Transportation Authority (IL) • Regional Transportation Commission of Washoe County • San Francisco Metropolitan Transportation Authority • San Mateo County Transit District • Santa Clara Valley Transportation Authority • Southeastern Pennsylvania Transit Authority • Smart Growth America • TransitCenter, Inc. • Transportation for America • Utah Transit Authority • VPSI • WageWorks • Washington Metropolitan Area Transit Authority

February 3, 2012

The Honorable John Boehner
Speaker
United States House of Representatives
H-232, The Capitol
Washington, DC 20515

Dear Speaker Boehner,

We the undersigned organizations urge you to take immediate action to restore parity between the transit portion and the parking portion of the federal pre-tax commuter benefit. Failure to address this issue at the end of 2011 led to an almost 50 percent reduction in the transit commuter benefit on January 1 to $125 per month from its previous level of $230 per month. Meanwhile, the parking benefit increased from $230 per month to $240 per month due to a cost of living increase.

The decrease in the transit portion of the commuter benefit results in an increased tax burden for workers who rely on public transportation for their daily commutes. For example, a working family that took advantage of the full allowable monthly pre-tax deduction for transit in 2011 will pay as much as $500 more this year in federal taxes. This is a significant cost increase that many commuters simply cannot afford in this economy. In addition, this added cost increase, combined with rising fuel costs and transit fares, will make it difficult for workers that are fortunate to have jobs to be able to continue to afford their commute to work. The reduction in the monthly transit limit will also result in an increase in payroll taxes for many businesses that offer the benefit – important resources that could be reinvested in the economy to create new jobs.

The current disparity between the parking and transit portions of the commuter benefit amounts to a policy that encourages commuters to drive to work, rather than use public transportation. This will result in increased traffic congestion on our roads, a rise in our nation's reliance on foreign fuel imports, and a rise in greenhouse gas emissions that harm our environment.

In the coming days, Congress will have the opportunity to take action to restore parity in the parking and transit portions of the commuter benefit as it considers important tax and transportation related legislation. As you work to address many of the important issues that face our nation, we urge you to not to forget the more than 2.7 million commuting Americans that rely on the transit commuter benefit and work to pass legislation that will ensure that transit riders can continue to afford their commute to work.

Sincerely,

U.S. Chamber of Commerce
Amalgamated Transit Union
American Public Transportation Association
Association for Commuter Transportation
Chicago Transit Authority
The Commuter Benefits Work for Us Coalition
The Community Transportation Association of America
Edenred USA
Employers Council on Flexible Compensation
GVF
Los Angeles County Metropolitan Transportation Authority
METRA (IL)
Metropolitan Transportation Commission – San Francisco Bay Area
National League of Cities
New York Metropolitan Transportation Authority
Parsons Brinckerhoff
Regional Transportation Authority (IL)
Regional Transportation Commission of Washoe County
San Francisco Metropolitan Transportation Authority
San Mateo County Transit District
Santa Clara Valley Transportation Authority
Southeastern Pennsylvania Transit Authority
Smart Growth America
TransitCenter, Inc.
Transportation for America
U.S. Conference of Mayors
Utah Transit Authority
VPSI
WageWorks
Washington Metropolitan Area Transit Authority

CC: The Honorable Harry Reid, Senate Majority Leader
The Honorable Mitch McConnell, Senate Minority Leader
The Honorable John Boehner, Speaker of the House
The Honorable Nancy Pelosi, House Minority Leader
The Honorable Max Baucus, Chairman, Senate Finance Committee
The Honorable Orrin Hatch, Ranking Member, Senate Finance Committee
The Honorable David Camp, Chairman, House Ways & Means Committee
The Honorable Sander Levin, Ranking Member, House Ways & Means Committee

TRUCK RENTING AND LEASING ASSOCIATION

TRALA

STATEMENT BY THE

TRUCK RENTING AND LEASING ASSOCIATION

UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON WAYS AND MEANS

Subcommittee on Select Revenue Measures

Tax Extenders

April 26, 2012

Introduction

The Truck Renting and Leasing Association (TRALA) is a national non-profit organization that represents the vast majority of the truck rental and lease fleet in North America. Today's rental and lease fleet accounts for approximately 20% of overall commercial trucks in operation. TRALA has over 550 members, operates in about 24,000 locations and employs more than 100,000 people. TRALA members annually purchase between 35 to 40 percent of all new trucks put into commercial service in North America.

TRALA welcomes the opportunity to offer this written statement with regard to the subcommittee's tax extenders hearing which took place on April 26, 2012.

TRALA-Supported Tax Incentives

This testimony is in response to the Committee on Ways and Means Subcommittee on Select Revenue Measures' request for testimony on tax incentives that expired at the end of 2011 and those that will expire at the end of 2012. TRALA supports a wide range of tax incentives that would facilitate the struggling economic recovery and subsequent ability for businesses to create more jobs. However, understanding the focus of the Subcommittee's consideration in this hearing, TRALA would like to address before the committee tax incentives associated with natural gas vehicles (NGV) that were extended as part of P.L. No. 111-312 or the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (H.R. 4853).

Specifically, there are three federal tax incentives that have been in place to encourage the use of NGVs but have expired. They are:

1) The $0.50 credit/rebate for natural gas used as a motor vehicle fuel found in sections 6426 and 6427 of the Internal Revenue Code (IRC). The $0.50 fuel credit/rebate was first enacted in 2005, went into effect in October 2006, and was to expire in 2009 but it was extended to the end of 2011 as a provision (Section 704) of P.L. No. 111-312.

2) The fueling infrastructure credit found in IRC section 30C. The fueling infrastructure credit for natural gas dispensing equipment was first enacted in 2005, went into effect in 2006, and expired at the end of 2009, and it was extended to the end of 2011 as a provision (Section 711) of P.L. No. 111-312.

3) The alternative fueled vehicle credit found in IRC section 30B. The alternative fueled vehicle credits were first enacted in 2005, went into effect in 2006, and expired at the end of 2010; it was not extended by Congress in P.L. No. 111-312.

Why TRALA Supports These Tax Extenders

Whether driven by environmental concerns, cost efficiencies, striving for national energy independence or shipper and customer demand, TRALA members are increasingly interested in putting NGVs into commercial service.

While these positive impacts are good for both consumers and the general public, NGVs cost more to buy than comparable gasoline or diesel powered vehicles. This upfront cost can be offset to a degree over the long-term because the more miles a NGV is driven each year, the faster the payback because the operating costs are lower than diesel-powered vehicles.

While the cost of natural gas is currently low compared to gasoline and diesel, because of the upfront costs of purchasing these vehicles, making the switch to NGVs is economically difficult for many companies. However, by mitigating the increased up-front cost of buying and operating NGVs, the incentives described above helped make NGVs more economically attractive to many TRALA members and their customers. These incentives also acted to help drive down initial costs because increased demand led to increased production, putting pressure on the cost of natural gas.

By extending the above mentioned NGV incentives, the growth in the marketplace for NGVs would help to decrease our country's reliance on foreign oil and provide both energy and economic benefits for America. From an economic perspective, if the incentives were extended, the number of NGVs produced and sold in America would continue to grow, producing thousands of manufacturing jobs as well as jobs in related fields that deal in natural gas. In addition, no other trucking fuel offers the potential to lower fuel costs for TRALA member companies and other businesses that rely on truck transport. The trucking industry is the backbone of the U.S. economy. Over 80% of all goods are moved by commercial trucks so rising gasoline and diesel costs increase the cost of virtually all goods.

Conclusion

For these reasons, increasing the use of NGVs will have a positive effect on our economy. Providing tax credits to promote the use of NGVs actually would more than pay for themselves in terms of economic growth. Lastly, because U.S. manufacturers currently produce and offer the largest selection of NGVs and related equipment, these tax extender incentives would help to maintain America's leadership role in this arena.

TRALA urges the Congress to extend the expired tax incentives for natural gas fueling infrastructure and the natural gas fuel credit when it takes up the tax extenders legislation.

Thank you for your consideration. If you have any questions regarding TRALA or our support for the NGV tax incentives, please contact us anytime.

Sincerely,

Tom James
President and CEO
Truck Renting and Leasing Association
475 N. Washington Street
Alexandria, VA 22314
tjames@trala.org
(703) 299-9120

Jake Jacoby
Vice President of Government Relations
Truck Renting and Leasing Association
475 N. Washington Street
Alexandria, VA 22314
jjacoby@trala.org
(703) 299-9120

TRUE BLUE

STATEMENT FOR THE RECORD

OF

JOANNA S. MONROE
VICE PRESIDENT, DEPUTY GENERAL COUNSEL
AND CHIEF COMPLIANCE OFFICER
TRUEBLUE, INC.

FOR THE HEARING ON

"CERTAIN EXPIRING TAX PROVISIONS"

BEFORE

THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SELECT REVENUE MEASURES

APRIL 26, 2012

1015 A Street, Tacoma, WA 98402
253.383.9101 ▪ jmonroe@trueblueinc.com

On behalf of TrueBlue, Inc. ("TrueBlue"), thank you for the opportunity to submit this statement for the record. We applaud the Subcommittee and the Committee for its leadership on the important issue of tax extenders.

Despite their temporary nature, tax extenders nonetheless form a critical part of our nation's tax code. A provision of significant interest is the Work Opportunity Tax Credit ("WOTC"), which has been part of the fabric of the tax code for decades. WOTC largely expired on December 31, 2011, along with a number of other meritorious tax policies.

Looking ahead, tax reform offers an opportunity to review WOTC and consider a permanent solution, ending the constant cycle of expiration and extension. In the meantime, we strongly urge Congress to seamlessly extend WOTC without delay. At a time of intransigent unemployment, particularly among WOTC's target groups, the lapse in WOTC is a significant setback for job creation in our nation. Consequently, extension of this important policy simply cannot wait.

TRUEBLUE

TrueBlue is a leading supplier of temporary work. In 2011, TrueBlue connected approximately 300,000 people to work, paying nearly $600 million in wages and serving nearly 150,000 businesses in the service, retail, wholesale, manufacturing, transportation, and construction industries. TrueBlue also employs 2,500 regular headquarter and branch staff.

TrueBlue provides temporary blue collar and skilled work through five lines of business: Labor Ready; Spartan Staffing; CLP Resources; Plane Techs; and Centerline. The TrueBlue family of companies is committed to providing individuals with opportunities for growth and customers with the help they need to succeed in today's competitive environment.

As a leading supplier of temporary work, TrueBlue provides employment opportunities to and a bridge to permanent jobs for many who otherwise face barriers to entering the workforce. Annually, approximately 40,000 applicants are eligible and approximately 8,000 are ultimately approved for WOTC.

TEMPORARY WORK

Temporary employment plays a critical role in the economy by providing employment flexibility for workers and businesses. Temporary staffing firms employ more than 10 million people each year. These jobs offer millions of people the opportunity to work, particularly as the economy continues its fragile recovery.

Temporary employment is critical to mitigating unemployment, while offering a significant opportunity to find permanent employment through temporary jobs. Temporary employment also provides people with on-the-job training, allowing them to learn new skills and expand their knowledge base, which can later be transferred to other employers and strengthened.

At the same time, temporary employment provides businesses with the opportunity to support or supplement their workforce in various work situations, such as employee absences, skill shortages, seasonal workloads, and special assignments or projects. Moreover, in the current economy, temporary employment is leading the jobs recovery by allowing employers to gauge business and economic conditions before committing to permanent hires.

In TrueBlue's experience, the average tenure of a temporary employee is approximately one month per year. However, even if someone works for us for *one day*, that person is an employee of the company rather than an independent contractor. Employee status integrates workers into the U.S. economy, ensuring that they are eligible to work in the U.S., that all workers' compensation, unemployment, and income taxes – as well as any court-ordered garnishments – are withheld and collected, and that W-2s report income accurately.

WORK OPPORTUNITY TAX CREDIT

WOTC is a tax credit provided to employers who hire individuals from several targeted groups who face significant barriers to employment. Examples of WOTC-targeted employee groups include veterans who either are food stamp recipients or are unemployed and suffering a service-connected disability, former felons, disconnected youth, and members of families receiving benefits under the Temporary Assistance for Needy Families Program ("TANF").

WOTC and its predecessors, the Targeted Jobs Tax Credit ("TJTC") and the Welfare to Work ("WTW") Tax Credit, have existed since 1977, except for a brief lapse in the 1990s. Since WOTC was established in 1996, it has not been comprehensively reformed and has been temporarily extended nearly a dozen times. WOTC was last significantly considered in 2007, when it was modified and extended through August 31, 2011 in the Small Business and Work Opportunity Tax Act of 2007. In 2010, WOTC was extended through December 31, 2011 by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. WOTC for most target groups expired as scheduled at the end of 2011, though WOTC for certain veterans' populations was extended through December 31, 2012 by the 3% Withholding Repeal and Job Creation Act.

WOTC is a selective hiring tax incentive to encourage employers to hire members of certain groups that face barriers to entering the workforce. WOTC focuses on workers perceived to have relatively low skill levels, making them less attractive to employers. These groups suffer from higher unemployment and lower wages. Stated differently, WOTC lessens the impact of the productivity gap between the target group members and other workers, encouraging employers to take a chance and hire workers they may otherwise not.

Once in the workforce, workers in the target group gain experience and on-the-job training, allowing them to subsequently "climb the ladder" to higher-skilled and higher-paying jobs. Through WOTC, more long-term welfare recipients – the most difficult cases – are being employed in the private sector and 7 out of 10 welfare recipients are using WOTC to find private sector jobs, according to a 2011 study by Peter Cappelli of the Wharton Business School at the University of Pennsylvania.

Moreover, WOTC works. In 2011 alone, more that 1.1 million workers found jobs through WOTC. Further, this important tax policy enables these workers to move into self-sufficiency as they earn a steady income and become contributing taxpayers. The Cappelli study found that individuals hired under WOTC go on to become productive employees who are no longer dependent on public assistance. In this manner, WOTC provides a relatively less costly mechanism to assist people who may otherwise rely on public assistance. The Cappelli study found that WOTC is one of the most successful and cost effective federal employment programs.

CONCLUSION

Allowing this provision to expire at a time of persistently high unemployment is a significant setback for job creation and the provision should be expeditiously extended. Moreover, in the longer term, Congress should make WOTC permanent, since it has proven to be an efficient incentive for businesses to provide jobs for workers who might otherwise fall through the cracks. Doing so would further provide taxpayers with predictability and certainty in the tax code.

TrueBlue greatly appreciates the opportunity to submit this statement. We are pleased to serve as a resource to the Congress, the Committee, and the Subcommittee on these and related matters. We look forward to our continued work together on these important issues.

Texas Society of
CPA Certified Public Accountants

April 23, 2012

United States House of Representatives
Ways and Means Committee
Subcommittee on Select Revenue Measures
Washington, DC 20515

The Texas Society of Certified Public Accountants respectfully submits this letter as a written statement into the hearing record on:

"Certain Expiring Tax Provisions"
Thursday, April 26, 2012, 10:00 AM
Longworth House Office Building

On behalf of the 29,000 members of the Texas Society of Certified Public Accountants (TSCPA), we are writing to request your support to permanently extend the election to deduct state and local sales taxes. Related bills H.R. 476 and S. 80 (or S. 24) illustrate strong bipartisan support for this concept.

The state and local tax deduction has been in place in some form since the inception of the modern federal income tax in 1913 to prevent the double taxation of funds collected by the state to finance state services. The general sales tax deduction was eliminated in 1986.[1] It was temporarily restored for 2004 and 2005 returns, then extended through 2007, 2009, and ultimately through 2011.[2] The provision has now expired, leaving millions of taxpayers uncertain as to this important deduction and concerned about the fairness of our tax system.

The sales tax deduction is particularly important for residents of Texas. According to a recent study of the Tax Foundation, in the latest year for which figures are available (2009), 90 percent[3] of Texans claimed an itemized deduction for state taxes on their federal return reported the sales tax deduction. But it is also important to know that this figure was greater than 80 percent for taxpayers in Florida,

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[1] Congressional Budget Office, "The Deductibility of State and Local Taxes" (February 2008), 4, the sales tax deduction was first enacted in *The Revenue Act of 1913*, eliminated in *The Tax Reform Act of 1986*, reinstated with *The American Jobs Creation Act of 2004* for two years, and extended two years each by *The Tax Relief and Health Care Act of 2006*, *The Emergency Economic Stabilization Act of 2008*, and *The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010*, Internet.
[2] Ibid, 4.
[3] Tax Foundation, Fiscal Fact No. 288, "States Vary Widely in Number of Taxpayers Deducting State or Local Sales Taxes" (January 11, 2012), Internet.

Tennessee, Nevada, Wyoming, South Dakota and Washington.[4] These figures establish the obvious: the sales tax deduction is an important tax benefit for millions of individuals.

This provision should be extended and made permanent because it is a classic case of fairness. Without the deduction for sales taxes, the Internal Revenue Code is simply unfair to individuals who happen to live in states that have, for whatever reason, chosen to finance the need for state revenue with a sales tax rather than alternative sources such as income taxes or property taxes. We are unable to understand the rationale or fairness of the Code discriminating between permitting a federal deduction for one type of state and local tax versus another. If the concern is that taxpayers should not have the benefit of both a sales tax and an income tax deduction, then the current provision section 164(b)(5)(A)[5] could be extended. Continuance of this election on the Form 1040 would provide fairness to the citizens of states that have chosen to not impose an individual income tax.

An analogous provision currently exists in connection with the foreign tax credit mechanism in section 903.[6] This long standing provision respects the judgment of foreign jurisdictions to levy taxes in a form other than (in lieu of) income taxes while still providing a tax credit for U.S. citizens for the alternative tax form. We suggest that respecting the judgment of our own states to levy taxes in the form they deem best for their own citizens should be given no less respect than that accorded foreign jurisdictions.

Without the deduction for sales taxes, our tax law, in effect, discriminates against individuals living in Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming.[7] It creates an unlevel playing field when it comes to attracting individuals and businesses that create jobs.

The sales tax deduction expired at the end of 2011, leaving uncertainty for millions of taxpayers. Some may not be aware that the provision has expired and may be saving sales receipts, only to be disappointed at the end of the year if the deduction is not available. Others may be aware of the expiration and may not be saving receipts, to be disappointed when they miss an important deduction if the provision is extended or made permanent.

We would like to address an additional administrative issue. If, as we hope and expect, the deduction for the sales tax is made available, we ask you to consider encouraging the Internal Revenue Service to be more generous in its computation of the deduction amount as based on the income of the individual. Our experience has been that the amount of the deduction that can be claimed without specific documentation is significantly less than the amount individuals actually pay. This results in

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[4] Wikipedia, States Without an Individual Income Tax. Alaska has no income tax with about half of its taxpayers claiming the itemized deduction. Tennessee and New Hampshire have no individual income tax, but tax only dividend and interest income. Less than five percent of New Hampshire filers claim the itemized deduction. Internet.
[5] 26 USC § 164 - Taxes.
[6] 26 USC§ 903 – Credit for Taxes in Lieu of Income, Etc., Taxes.
[7] Ibid, Wikipedia.

taxpayers having to retain voluminous files of sales receipts adding greatly to the complexity and administrative inefficiency of the deduction.

Texas has the second largest gross domestic product in the nation and 15th largest in the world.[6] On behalf of taxpayers resident in Texas and the other state and local jurisdictions that have decided to raise revenue by levy of a sales tax instead of an income tax, we encourage you to extend or make the sales tax deduction permanent to provide fairness and certainty for millions of taxpayers.

Sincerely,

Donna Wesling, CPA
Chairman

John M. Sharbaugh
Executive Director/CEO

/pmw

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[6] Wikipedia, Comparison between U.S. States and Countries by GDP (PPP), 2008 data, Internet.

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Website
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UNION COUNTY COMMUNITY DEVELOPMENT CORPORATION

UCCDC
124 Main Street
P.O. Box 216
Clayton, NM 88415
Voice 575-447-2855
Fax 575-374-2855

To: The Ways and Means subcommittee on Wind Energy Tax Credits
April 26, 2012

*The Union County Community Development Corporation, **a** leading wind project developer/manufacturer based in Clayton, New Mexico (Union County, New Mexico) urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.*

The Union County Community Development Corporation has been working for years with Third Planet Wind Power, Foresight Wind, Compass Wind, The Lucky Corridor Transmission Project (a large transmission line planned and funded by the federal government extending from Gladstone New Mexico to Taos New Mexico), Clean Line Transmission, and the Tres Amigas project in Clovis New Mexico and others to see that windpower can finally be placed in Union County New Mexico, a zone of Class IV winds untapped to this date. The PTC's are integral to the economic design and cost setting parameters of all the wind programs in the State of New Mexico. It is obviously critical that we do not allow the PTC to expire.

*With the uncertainty of the PTC's future, we are reluctantly winding down a significant portion of our US wind development activity and instead redirecting over **$200** million of funding, services and staff resources to Canada and South America. This will result in more than **$20** billion of new investment, construction jobs, tax dollars and community benefits shifting away from the US, as a direct result of Congress' delay in passing a timely extension of the PTC. In particular, the wind projects planned for Union County have been placed on hold, not only because of the PTC uncertainty, but also problems with power purchase agreements from our local power companies, and continued problems with transmission line production. Obviously, the success of the wind program hinges on the PTC being available to subsidize projects in the early stages through tax incentives.*

-We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Kindly Submitted with Urgent Request for Action,

Mark E Van Wormer MD, RVT, RDCS

Union County Community Development Corporation Economic Development Director

Statement of Unity Foundation of La Porte County

Dear Members of Congress,

Last week the House Ways and Means Subcommittee on Select Revenue Measures held a hearing to review a package of expired and expiring tax provisions known as "extenders," which include the IRA charitable rollover, as well as the enhanced deductions for donations of food, books, computer equipment and real property for conservation purposes.

I urge you to vote for the immediate reinstatement of the expired charitable giving incentives, which support the ability of charities to provide programs and services that assist individuals and families and benefit communities across the country.

Thank you.

Sincerely,

Elizabeth Bernel
La Porte County, Indiana

UGE

April 25, 2012

Dear Sir or Madam,

- Urban Green Energy, a leading wind project developer/manufacturer based in New York, NY urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

- Although UGE is a manufacturer of distributed energy and not megawatt turbines, we are closely tied to utility scale wind projects. In particular we benefit greatly from the familiarity of contractors and developers with wind technology and far fewer of these parties would be confident installing wind turbines at their homes or places of business if the PTC is not extended.

-We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Sincerely,

Scott Van Pelt

Scott Van Pelt
Vice President, Engineering
Urban Green Energy Inc.

100 Years Standing Up for American Enterprise

U.S. CHAMBER OF COMMERCE

Statement of the U.S. Chamber Of Commerce

ON: **Hearing on Extension of Certain Expired and Expiring Tax Provisions**

TO: **Subcommittee on Select Revenue Measures of the Ways & Means Committee**

DATE: **April 26, 2012**

The Chamber's mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation, representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

More than 96 percent of the Chamber's members are small businesses with 100 or fewer employees, 70 percent of which have 10 or fewer employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross-section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business -- manufacturing, retailing, services, construction, wholesaling, and finance – is represented. Also, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the U.S. Chamber of Commerce's 115 American Chambers of Commerce abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross-section of Chamber members serving on committees, subcommittees, and task forces. More than 1,000 business people participate in this process.

Introduction

The Chamber thanks Chairman Tiberi and Ranking Member Neal for this opportunity to provide feedback on the annual tax extender provisions. These tax provisions, which benefit a wide range of taxpayers, are important to U.S. jobs and the broader economy. The failure to extend these provisions has brought more instability and uncertainty into the economy and has created significant challenges for taxpayers planning for the future. The Chamber strongly urges this Congress to act as soon as possible to extend these vital provisions.

Extenders and Comprehensive Tax Reform

The Chamber strongly supports comprehensive, fundamental tax reform to increase simplicity, efficiency, transparency, compliance and global competitiveness. While the Chamber applauds the hearings and other efforts this Subcommittee and the Ways and Means Committee have undertaken on tax reform and strongly supports the continuation of these efforts, we believe that true fundamental tax reform is still a long way down the road. Thus, in the interim, we believe Congress must take action on the annual extender provisions now.

The Need for Immediate Action on Extenders

The Chamber believes that Congress needs to act immediately to prevent the negative impact on jobs and the fragile economy that is likely to result from inaction on these annual extenders. We believe that the best way to get the economy growing fast enough to create jobs and drive the unemployment rate down is to ensure that taxes do not increase for consumers and businesses. Leaving income in the hands of businesses is the best way to spur investment and job creation. Thus, to help drive the economic recovery, these annual provisions should be extended immediately.

The Chamber believes Congress should provide businesses with certainty and predictability in the Internal Revenue Code (the "Code")[1], which in turn improves compliance and reduces the cost of administration for both taxpayers and the government. Many of the extenders provisions have long been part of the Code, and taxpayers have come to expect they will be extended annually. The President has also called for extending all of these provisions.[2] Extending these provisions later and later in the legislative sessions causes greater uncertainty and bigger obstacles to business planning. Recently, extensions of these provisions have been done retroactively, which exacerbates this problem, while also undermining any incentive effects that Congress had envisioned in enacting particular provisions. In short, retroactive extensions are hardly ideal tax policy.

The Chamber appreciates that all tax policies, including these annual extender provisions, must be carefully examined in the context of fundamental tax reform. However, we must not delay extending these provisions while we engage in that debate.

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[1] All references to the Code are to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

[2] *See* Department of the Treasury, "General Explanations of the Administration's Fiscal Year 2012 Revenue Proposals," (February 2011).

Longstanding Policies

As noted above, many of these extender provisions encompass deductions and credits that have been in the Code for many years and have been extended multiple times. Despite their expiration dates, such provisions in reality are longstanding deductions and credits that taxpayers have come to rely on when making business decisions. Nevertheless, the uncertainty of expired deductions and credits can have a material impact on a business' bottom line in certain cases, requiring certain disclosures such as in financial statements filings, which can adversely affect the business more broadly.

For example, consider the active financing exception. Generally, under the U.S. tax system, American worldwide companies are subject to tax on the *active* foreign earnings of their foreign subsidiaries only when those earnings are repatriated. The Subpart F rules operate to subject American worldwide companies to current U.S. tax on certain *passive* income earned by foreign subsidiaries. The active financing exception generally ensures that income from active foreign business operations in the financial sector is not subject to current taxation in the United States. Thus, this provision mitigates the double taxation of such income, thereby bringing the tax treatment of American worldwide financial service providers into parity with their international competitors. This provision was in the Code for 77 years and was repealed by the 1986 Act. The historical treatment was reinstated in 1997 and has been in the Code since then.[3] A provision that has been in the Code for 91 of the 102 years it has existed can hardly be considered temporary.

The research and development (R&D) tax credit has been in the Code for almost 30 years and is a proven incentive for driving investment in R&D, encouraging long term capital investment, creating jobs, strengthening the economy, and spurring innovation in the United States.[4] Since coming into office, President Obama, in each of his Greenbook explanations of his budgetary tax proposals, has proposed expanding and making permanent the R&D credit.[5]

The above examples are not, by any means, intended to be a comprehensive list of provisions that are of importance to the business community. They simply demonstrate that there

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[3] *See* Statement by the Active Financial Services Working Group, *For the Record of the Hearing on Expiring Tax Provisions Before the Committee on Finance, U.S. Senate on March 16, 2005*, "The Subpart F Active Financial Services Provision Should Be Made Permanent" (March 30, 2005).

[4] *See, e.g.*, U.S. Department of the Treasury, "Investing in U.S. Competitiveness: The Benefits of Enhancing the Research and Experimentation (R&E) Tax Credit" (March 25, 2011) (noting that the R&D credit in its current form offers a cost-effective way to encourage research spending and supports high-wage jobs). *See also* Carroll, Prante, and Quek, "The R&D Credit: An effective policy for promoting research" (September 2011) (estimating the higher wage and employment impacts of the R&D credit).

[5] *See* General Explanations of the Administration's Fiscal Year 2012 Revenue Proposals (February 2011), General Explanations of the Administration's Fiscal Year 2011 Revenue Proposals (February 2010), General Explanations of the Administration's Fiscal Year 2010 Revenue Proposals (May 2009). *See also* U.S. Department of the Treasury, "Investing in U.S. Competitiveness: The Benefits of Enhancing the Research and Experimentation (R&E) Tax Credit" (March 25, 2011) (suggesting that a strengthened credit would leverage more than $100 billion in domestic private sector research in next 10 years, support nearly 1 million U.S. research workers in higher than average wage jobs, strengthen the incentive effect of the credit "*by providing certainty to taxpayers*") (emphasis added).

are longstanding and sound tax policy reasons for many of the annual extender provisions and that these kinds of provisions have very real impacts on American businesses.

Provisions That Incentivize Certain Behavior

Inaction on these provisions has real consequences. Businesses need certainty and predictability. Retroactive tax policy simply does not achieve this goal. In fact, at times, the failure to extend these provisions hurts the very purpose for which these provisions have been enacted.

This is particularly apparent with provisions intended to incentivize certain behaviors. When Congress fails to act, provisions such as the energy efficient appliance credit, the biofuels credit, and the production tax credit, do not operate effectively. Industries that are in their infancy are damaged because the incentives they need in the Code to get those industries up and running are not there and thus, expansion of those industries does not occur. The damage is very real as projects are not undertaken and products are not developed.

Competitiveness

As this Subcommittee considers renewal of the annual tax extenders provisions, it must consider the damages inaction brings on provisions that strive to ensure competitiveness.

Global Competitiveness

These provisions play a vital role in the global competitiveness of American worldwide companies. These extenders not only help level the playing field for American worldwide companies today, they offer these companies a chance to compete as we strive to overhaul the Code in the long run to make it more in line with other countries' tax laws.

Mitigating Double Taxation

The United States is currently the only Organisation for Economic Cooperation and Development (OECD) nation to continue to employ a worldwide system of taxation, thus subjecting American worldwide companies to a second layer of taxation that their foreign competitors don't face. While provisions such as deferral and certain foreign tax credits mitigate some of this double taxation, other provisions, such as the active financing exception (discussed above) and controlled foreign corporation (CFC) look-through rules, require annual Congressional action to make sure companies affected by those rules are not subjected to double taxation.

As discussed above, the active financing exception is a longstanding piece of the Code, essential for mitigating double taxation. Likewise, the related CFC look-through rules also are essential to mitigating double taxation. These rules were originally designed to help American worldwide companies simplify and organize their numerous subsidiaries without creating issues for those companies with the Internal Revenue Service (IRS). Under the rule, related CFCs of a common U.S. parent company can make cross-border dividend, interest, rent, or royalty payments without creating subpart F income, as long as the amounts are paid from active foreign business profits or effectively connected income of the payor. According to the legislative history,[6] Congress believed that the provision would make American worldwide companies and American workers more competitive. The rule permits CFCs to reinvest their active foreign earnings where they are most needed without incurring the immediate additional tax that companies based in many other countries never incur.

These annual extenders are essential pieces of the Code that give American worldwide companies a fighting chance against foreign competitors by lowering our anti-competitive marginal tax rate, providing R&D incentives to encourage research within our borders, and mitigating the potential double taxation of large segments of the American business sector.

Mitigating the Burdensome High Marginal Rate

Currently, American worldwide companies face the highest highest marginal tax rate among the 34 countries in the OECD. On April 1, 2012, Japan reduced its rate, and the United States rose to the top spot with the highest marginal corporate tax rate in the OECD.[7]

The credits and deductions included in the annual extenders provisions help mitigate the impact of our over-burdensome marginal rate and outdated Code structure, reducing taxpayers' effective tax rates to levels that gives them a chance to compete on a level playing field with foreign competitors. Congress' failure to extend these provisions seriously hampers the ability of American worldwide companies to compete, create jobs, and drive economic growth.

Research & Development (R&D)

In 1981, the United States was one of the first countries to add an incentive for research and development to the Code. For a period in the 1980's, the United States was at the forefront of R&D incentives. However, other countries soon followed, introducing their own R&D incentives. By 2008, the United State's R&D tax incentive ranked 17th overall amongst OECD nations.[8]

Other countries have moved to incentivize R&D, through adoption of super deductions, credits, and patent and innovation boxes. These countries use these incentives to promote the relocation of R&D operations to their countries as part of "innovation-led economic development strategies."[9] Thus, the United States' R&D credit must compete with the aggressive incentives marketed by other countries. The failure to, at very least, simply maintain our current credit increases the risk that the jobs, capital investment, and intangible property developed in the R&D process will move outside our borders.

National Competitiveness

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[6] *See* Joint Committee on Taxation, "Bluebook Of Legislation Enacted By 109th Congress," (JCS-1-07).
[7] *See* President's Council On Jobs And Competitiveness, "Road Map to Renewal" (January 2011) (commenting on U.S. marginal corporate rate and comparing to other countries).
[8] *See* Information Technology and Innovation Foundation, "Create Jobs by Expanding the R&D Tax Credit," (January 26, 2010).
[9] *See* Deloitte, "Global Survey of R&D Tax Incentives," (July 2011).

Global competitiveness is not only the only aspect of the economy impacted by inaction on extenders. Consider the deduction for state and local sales tax. Absent from the Code for 16 years, it was reinstated in 2004.[10] This provision is essential for taxpayers who live in "sales tax states." By allowing residents of those states to deduct state and local sales tax, it places them on an even footing with residents in income tax states who can deduct their state income taxes for federal purposes. This provision was in the Code for an extended period of time and then was reinstated to bring parity to those taxpayers in sales tax states. The damage to competition, both globally and locally, is felt when these provisions are not extended.

Ability of Businesses to Grow

Inaction also hurts the ability of businesses to grow and expand. Provisions targeted to quicker cost recovery, which put cash in the pockets of business to create jobs and make capital investments, are also hindered.

Consider the 15-year depreciation period for leasehold improvements, restaurant improvements and new construction, and retail improvements, which reflects the tax policy principle that costs of assets are allocated over the period in which they are used. The 15-year recovery for such improvement is predicated on the rationale that the current 39.5-year depreciation period for buildings bears little relationship to the economic life of such structures and even less to building improvements and upgrades required in successful businesses, in particular restaurants and retailers. Business property must be remodeled and updated periodically to maintain a positive consumer environment and to remain competitive, and the lifespan of such updates is far shorter than the 39.5-year depreciation building life. Similarly, the duration of leases of real property are typically for a period well short of 39.5 years, giving improvements to such property a shorter lifespan. Thus, this 15-year recovery period reduces the cost of capital expenditures and increases cash flow. In turn, this provides needed capital for American businesses – which translates into American jobs.

Consider also the railroad track maintenance tax credit. Enacted in 2004, it enables small and mid-sized railroads to modernize and enhance their own infrastructure to meet the country's growing freight needs. The Federal Highway Administration has forecast a more than 60 percent increase in freight demand across all transportation modes by 2040, yet we lack adequate capacity to meet this demand. We cannot compete in the global economy without significant upgrades to our infrastructure, and this is an industry which pays its own way, without direct government involvement, that is expanding on its own to the benefit of the entire U.S. economy.

Additionally, the section 181 film production tax credit plays an important role in putting cash back into the pockets of businesses that create American jobs and make capital investments. Enacted in 2004, this credit provides vital cost recovery for an industry that is otherwise excluded from availing itself of the general bonus depreciation provision. Extending section 181 will continue to promote capital investment and production in the United States. This not only provides jobs within the film industry, but also has ripple effects across broad sectors of the economy by generating revenue and jobs for a range of local businesses.

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[10] *See* Joint Committee on Taxation, "Description Of H.R. 4520, The "American Jobs Creation Act Of 2004," (JCX-41-04) (June 10, 2004).

In sum, these extenders are essential to providing the access to capital businesses require to succeed.

Conclusion

The Chamber thanks the Subcommittee for the opportunity to comment on the extension of these vital tax provisions. The Chamber applauds this subcommittee's continuing work towards comprehensive fundamental tax reform. However, we believe that the extension of these annual extender provisions cannot be delayed until work on comprehensive tax reform is complete. Taxpayers need stable and predictable rules they can rely upon while that important process is completed. We strongly urge Congress to act quickly to extend these longstanding policies and prevent unnecessary damage to the economy and job creators.

UTAH CLEAN ENERGY
We Partner to Build the New Clean Energy Economy

May 9, 2012

Dear Chairman Camp and Committee Members:

Please consider these comments for submission for the record page for the Committee of Ways and Means for the Hearing on Certain Expiring Tax Provisions regarding the extension of the renewable energy Production Tax Credit (PTC). On behalf of Utah Clean Energy, a non-profit organization whose mission is to lead and accelerate the clean energy transformation with vision and expertise, I am writing to respectfully urge the members of the Committee of Ways and Means and the United States Congress to extend the renewable energy PTC as expeditiously as possible in advance of its 2012 expiration.

The extension of the PTC is a critical issue for many businesses, organizations, and industries involved in the clean tech sector in Utah. As a testament to this fact, the Utah Technology Council, which represents over 6,000 high-tech, life science, and clean-tech companies in Utah, issued a letter to Utah's Congressmen and Senators in February 2012 calling for the extension of the PTC (a copy of this letter is attached with these comments, for reference). In their letter, the Utah Technology Council states clearly: "UTC supports legislation that creates a positive business climate for highly-innovative, high-growth companies to thrive. UTC feels that a PTC extension will help to that end and respectfully asks that you support this critical policy."

In addition to the business community, the continuation of PTC is integral to Utah's economy and workforce. Numerous communities across the state have benefited immensely from the development of new renewable energy facilities in recent years, including the Spanish Fork Wind Farm, the Milford Wind Project, Phases I & II, and the Thermo Hot Springs Geothermal Plant. Each of these projects *effectively leveraged the PTC to generate new jobs and significant economic impacts in their respective counties and communities.* Annual property tax payments from these projects are contributing new funds (several million per year, in some cases) to Utah school districts and local infrastructure projects, while also creating new professional growth opportunities in Utah's rural communities. The fate of similarly beneficial renewable projects in Utah is interdependent with the extension of the PTC.

As with any industry, the viability of renewable energy industries is directly correlated with the availability of stable and consistent policies to foster market transformation. Sound policies help create a more level playing field upon which to compete with other energy technologies, most of which continue to benefit from long-standing historical and existing policy support.

The PTC is a sound energy policy that has strong bipartisan support that continues today. Extending the PTC will create more American manufacturing jobs, increase renewable energy investment, and expand our supply of *clean, domestic, affordable electricity*. As such, I strongly encourage you to extend the PTC and appreciate your consideration of these comments.

Sincerely,

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Statement of V. Brandt

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Re: Hearing on Certain Expiring Tax Provisions

Dear Members of the Ways and Means Committee:

I respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

The long project development and manufacturing lead times for wind energy projects mean that the PTC has already effectively expired. Right now, wind project developers are not making plans in the U.S. and American manufacturers are not receiving orders. The wind industry is facing the recurrence of the boom-bust cycle it has seen in previous years when the PTC was allowed to expire. In the years following expiration, installations dropped between 73 and 93%, with corresponding job losses. I don't want this to happen again.

Equipped with the PTC, the wind energy industry has contributed impressively to U.S. economic development. The PTC has been instrumental in helping the wind industry to:

- Lower the cost of wind power by more than 90%
- Manufacture components for wind turbines at over 400 U.S. manufacturing facilities
- Power the equivalent of 10 million American homes
- Provide 35% of all new U.S. power capacity in the past four years

In short, the PTC drives billions of dollars in private investment in American wind power —and thus the American economy—each year. Increasing the amount of power that we get from clean, affordable resources *that will never run out* is a no-brainer. This tax credit provides the extra help for the wind industry to continue to do just that.

I urge the committee to take up an extension of the wind energy production tax credit right away.

Thank you for considering this comment.

Sincerely,

V. Brandt

Statement of Various Citizens of California

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions

Comments Submitted for the Record

The undersigned residents and property owners of the State of California respectfully submit these comments in response to the April 26, 2012 Hearing on Certain Expiring Tax Provisions. Our comments are limited to the Production Tax Credit (PTC) for wind energy.

Executive Summary: The PTC is often credited for most of the growth in the wind sector but attributing market activity to the subsidy is overly simplistic and fails to consider other crucial factors driving development. When evaluated against key economic and environment criteria, the cost of the subsidy has proven excessive and the benefits to American taxpayers minimal. If the PTC were to expire, the economics of the industry would shift to States with renewable mandates. Power markets will ultimately confront the real cost of wind energy, and price it accordingly. The overall impact on the industry would be far less severe than proponents claim[1].

Supporting Statements:

High Cost: Since adopted in 1992, the cost of the PTC for wind energy has ballooned from $5 million/year in 1998 to $1.5 billion annually today. The open-ended subsidy of 2.2¢/kWh in after-tax income represents a pre-tax value of approximately 3.7¢/kWh. In many regions of the country the PTC now equals, or is greater than, the wholesale price of power. Even if the PTC were to sunset, taxpayers are still obligated to cover nearly $10 billion in tax credits for wind projects built in the last decade. This is in addition to the $15 billion debt for wind projects eligible under Section 1603 (including anticipated 2012 grants).

Inefficient: Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind capacity exceeds transmission capacity and wind is curtailed[2]. In New England the PTC likely pays more subsidy than is necessary owing to aggressive State mandates. Utilities in New England routinely sign long-term power contracts for wind at prices significantly above market.

Other factors advancing wind development: The industry insists it's at risk of a slow-down without the PTC. This view ignores other crucial factors driving development including state mandates and natural gas prices. It is not possible given available data to identify the extent to which the PTC has contributed to growth in the sector[3]. In fact, demand for wind has eroded recently due, in part, to

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[1] Linowes et.al. 2012 Congressional Testimony http://science.house.gov/hearing/subcommittee-investigation-and-oversight-subcommittee-energy-and-environment-%E2%80%93-joint-hearing

[2] Wiser and Bolinger, 2010 *Wind Technologies Market Report*, (2011) vii http://eetd.lbl.gov/ea/ems/reports/lbnl-4820e.pdf

[3] Joint Committee on Taxation, *Present Law And Background Relating To Tax Credits For Electricity Production From Renewable Sources* (2005) 14 https://www.jct.gov/publications.html?func=startdown&id=1579

states meeting their renewable mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

Environmental benefits: Wind energy is an unpredictable, variable resource that cannot be relied on to serve load. Its primary benefit is in reducing U.S. electric carbon emissions. According the Navigant[8], a four year extension of the PTC could avoid an incremental 170 million tons of CO2. This "best case" estimate is not predicated on an actual working grid region, but if we accept Navigant's estimate the cost to taxpayers is at least $23/ton CO2[9], ten-times the $1.92/ton market price for offsets in the Northeastern states participating in RGGI! The PTC is a high-priced vehicle for very questionable reductions of CO2 emissions.

Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

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[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

[5] Wiser and Bolinger v - Note: No independent audits exist to confirm job counts. Since any new job in the electricity sector must contribute to increasing the cost of electricity, this creates economic de-stimulus.

[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12
http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012)
http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. Study assumes some wind built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than $23/ton.

[10] Joint Committee on Taxation 14

Supplemental Sheet

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Date submitted: May 10, 2012

Note: I am submitting the above comments on behalf of the following (142) residents and property owners of the State of California listed on the following five (5) pages.

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Statement of Various Citizens of Illinois

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions

Comments Submitted for the Record

The undersigned residents and property owners of the State of Illinois respectfully submit these comments in response to the April 26, 2012 Hearing on Certain Expiring Tax Provisions. Our comments are limited to the Production Tax Credit (PTC) for wind energy.

Executive Summary: The PTC is often credited for most of the growth in the wind sector but attributing market activity to the subsidy is overly simplistic and fails to consider other crucial factors driving development. When evaluated against key economic and environment criteria, the cost of the subsidy has proven excessive and the benefits to American taxpayers minimal. If the PTC were to expire, the economics of the industry would shift to States with renewable mandates. Power markets will ultimately confront the real cost of wind energy, and price it accordingly. The overall impact on the industry would be far less severe than proponents claim[1].

Supporting Statements:

High Cost: Since adopted in 1992, the cost of the PTC for wind energy has ballooned from $5 million/year in 1998 to $1.5 billion annually today. The open-ended subsidy of 2.2¢/kWh in after-tax income represents a pre-tax value of approximately 3.7¢/kWh. In many regions of the country the PTC now equals, or is greater than, the wholesale price of power. Even if the PTC were to sunset, taxpayers are still obligated to cover nearly $10 billion in tax credits for wind projects built in the last decade. This is in addition to the $15 billion debt for wind projects eligible under Section 1603 (including anticipated 2012 grants).

Inefficient: Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind capacity exceeds transmission capacity and wind is curtailed[2]. In New England the PTC likely pays more subsidy than is necessary owing to aggressive State mandates. Utilities in New England routinely sign long-term power contracts for wind at prices significantly above market.

Other factors advancing wind development: The industry insists it's at risk of a slow-down without the PTC. This view ignores other crucial factors driving development including state mandates and natural gas prices. It is not possible given available data to identify the extent to which the PTC has contributed to growth in the sector[3]. In fact, demand for wind has eroded recently due, in part, to states meeting their renewable

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[1] Linowes et.al. 2012 Congressional Testimony http://science.house.gov/hearing/subcommittee-investigation-and-oversight-subcommittee-energy-and-environment-%E2%80%93-joint-hearing

[2] Wiser and Bolinger, 2010 *Wind Technologies Market Report*, (2011) vii http://eetd.lbl.gov/ea/ems/reports/lbnl-4820e.pdf

[3] Joint Committee on Taxation, *Present Law And Background Relating To Tax Credits For Electricity Production From Renewable Sources* (2005) 14 https://www.jct.gov/publications.html?func=startdown&id=1579

mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

Environmental benefits: Wind energy is an unpredictable, variable resource that cannot be relied on to serve load. Its primary benefit is in reducing U.S. electric carbon emissions. According the Navigant[8], a four year extension of the PTC could avoid an incremental 170 million tons of CO2. This "best case" estimate is not predicated on an actual working grid region, but if we accept Navigant's estimate the cost to taxpayers is at least $23/ton CO2[9], ten-times the $1.92/ton market price for offsets in the Northeastern states participating in RGGI! The PTC is a high-priced vehicle for very questionable reductions of CO2 emissions.

Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

---

[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

[5] Wiser and Bolinger v - Note: No independent audits exist to confirm job counts. Since any new job in the electricity sector must contribute to increasing the cost of electricity, this creates economic de-stimulus.

[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12 http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012) http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. Study assumes some wind built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than $23/ton.

[10] Joint Committee on Taxation 14

Supplemental Sheet

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[10] Joint Committee on Taxation 14

Supplemental Sheet

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Statement of Various Citizens of Massachusetts

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions

Comments Submitted for the Record

The undersigned residents and property owners of the State of Massachusetts respectfully submit these comments in response to the April 26, 2012 Hearing on Certain Expiring Tax Provisions. Our comments are limited to the Production Tax Credit (PTC) for wind energy.

Executive Summary: The PTC is often credited for most of the growth in the wind sector but attributing market activity to the subsidy is overly simplistic and fails to consider other crucial factors driving development. When evaluated against key economic and environment criteria, the cost of the subsidy has proven excessive and the benefits to American taxpayers minimal. If the PTC were to expire, the economics of the industry would shift to States with renewable mandates. Power markets will ultimately confront the real cost of wind energy, and price it accordingly. The overall impact on the industry would be far less severe than proponents claim[1].

Supporting Statements:

High Cost: Since adopted in 1992, the cost of the PTC for wind energy has ballooned from $5 million/year in 1998 to $1.5 billion annually today. The open-ended subsidy of 2.2¢/kWh in after-tax income represents a pre-tax value of approximately 3.7¢/kWh. In many regions of the country the PTC now equals, or is greater than, the wholesale price of power. Even if the PTC were to sunset, taxpayers are still obligated to cover nearly $10 billion in tax credits for wind projects built in the last decade. This is in addition to the $15 billion debt for wind projects eligible under Section 1603 (including anticipated 2012 grants).

Inefficient: Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind capacity exceeds transmission capacity and wind is curtailed[2]. In New England the PTC likely pays more subsidy than is necessary owing to aggressive State mandates. Utilities in New England routinely sign long-term power contracts for wind at prices significantly above market.

Other factors advancing wind development: The industry insists it's at risk of a slow-down without the PTC. This view ignores other crucial factors driving development including state mandates and natural gas prices. It is not possible given available data to identify the extent to which the PTC has contributed to growth in the sector[3]. In fact, demand for wind has eroded recently due, in part, to

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[1] Linowes et.al. 2012 Congressional Testimony http://science.house.gov/hearing/subcommittee-investigation-and-oversight-subcommittee-energy-and-environment-%E2%80%93-joint-hearing

[2] Wiser and Bolinger, 2010 *Wind Technologies Market Report*, (2011) vii http://eetd.lbl.gov/ea/ems/reports/lbnl-4820e.pdf

[3] Joint Committee on Taxation, *Present Law And Background Relating To Tax Credits For Electricity Production From Renewable Sources* (2005) 14 https://www.jct.gov/publications.html?func=startdown&id=1579

states meeting their renewable mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

Environmental benefits: Wind energy is an unpredictable, variable resource that cannot be relied on to serve load. Its primary benefit is in reducing U.S. electric carbon emissions. According the Navigant[8], a four year extension of the PTC could avoid an incremental 170 million tons of CO2. This "best case" estimate is not predicated on an actual working grid region, but if we accept Navigant's estimate the cost to taxpayers is at least $23/ton CO2[9], ten-times the $1.92/ton market price for offsets in the Northeastern states participating in RGGI! The PTC is a high-priced vehicle for very questionable reductions of CO2 emissions.

Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

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[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

[5] Wiser and Bolinger v - Note: No independent audits exist to confirm job counts. Since any new job in the electricity sector must contribute to increasing the cost of electricity, this creates economic de-stimulus.

[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12 http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012) http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. Study assumes some wind built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than $23/ton.

[10] Joint Committee on Taxation 14

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Statement of Various Citizens of Maine

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions

Comments Submitted for the Record

The undersigned residents and property owners of the State of Maine respectfully submit these comments in response to the April 26, 2012 Hearing on Certain Expiring Tax Provisions. Our comments are limited to the Production Tax Credit (PTC) for wind energy.

Executive Summary: The PTC is often credited for most of the growth in the wind sector but attributing market activity to the subsidy is overly simplistic and fails to consider other crucial factors driving development. When evaluated against key economic and environment criteria, the cost of the subsidy has proven excessive and the benefits to American taxpayers minimal. If the PTC were to expire, the economics of the industry would shift to States with renewable mandates. Power markets will ultimately confront the real cost of wind energy, and price it accordingly. The overall impact on the industry would be far less severe than proponents claim[1].

Supporting Statements:

High Cost: Since adopted in 1992, the cost of the PTC for wind energy has ballooned from $5 million/year in 1998 to $1.5 billion annually today. The open-ended subsidy of 2.2¢/kWh in after-tax income represents a pre-tax value of approximately 3.7¢/kWh. In many regions of the country the PTC now equals, or is greater than, the wholesale price of power. Even if the PTC were to sunset, taxpayers are still obligated to cover nearly $10 billion in tax credits for wind projects built in the last decade. This is in addition to the $15 billion debt for wind projects eligible under Section 1603 (including anticipated 2012 grants).

Inefficient: Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind capacity exceeds transmission capacity and wind is curtailed[2]. In New England the PTC likely pays more subsidy than is necessary owing to aggressive State mandates. Utilities in New England routinely sign long-term power contracts for wind at prices significantly above market.

Other factors advancing wind development: The industry insists it's at risk of a slow-down without the PTC. This view ignores other crucial factors driving development including state mandates and natural gas prices. It is not possible given available data to identify the extent to which the PTC has contributed to growth in the sector[3]. In fact, demand for wind has eroded recently due, in part, to

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[1] Linowes et.al. 2012 Congressional Testimony http://science.house.gov/hearing/subcommittee-investigation-and-oversight-subcommittee-energy-and-environment-%E2%80%93-joint-hearing

[2] Wiser and Bolinger, 2010 *Wind Technologies Market Report*, (2011) vii http://eetd.lbl.gov/ea/ems/reports/lbnl-4820e.pdf

[3] Joint Committee on Taxation, *Present Law And Background Relating To Tax Credits For Electricity Production From Renewable Sources* (2005) 14 https://www.jct.gov/publications.html?func=startdown&id=1579

states meeting their renewable mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

Environmental benefits: Wind energy is an unpredictable, variable resource that cannot be relied on to serve load. Its primary benefit is in reducing U.S. electric carbon emissions. According the Navigant[8], a four year extension of the PTC could avoid an incremental 170 million tons of CO2. This "best case" estimate is not predicated on an actual working grid region, but if we accept Navigant's estimate the cost to taxpayers is at least $23/ton CO2[9], ten-times the $1.92/ton market price for offsets in the Northeastern states participating in RGGI! The PTC is a high-priced vehicle for very questionable reductions of CO2 emissions.

Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

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[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

[5] Wiser and Bolinger v - Note: No independent audits exist to confirm job counts. Since any new job in the electricity sector must contribute to increasing the cost of electricity, this creates economic de-stimulus.

[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12
http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012)
http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. Study assumes some wind built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than $23/ton.

[10] Joint Committee on Taxation 14

Supplemental Sheet

Submitted by:

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Statement of Various Citizens of Nevada

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions

Comments Submitted for the Record

The undersigned residents and property owners of the State of Nevada respectfully submit these comments in response to the April 26, 2012 Hearing on Certain Expiring Tax Provisions. Our comments are limited to the Production Tax Credit (PTC) for wind energy.

Executive Summary: The PTC is often credited for most of the growth in the wind sector but attributing market activity to the subsidy is overly simplistic and fails to consider other crucial factors driving development. When evaluated against key economic and environment criteria, the cost of the subsidy has proven excessive and the benefits to American taxpayers minimal. If the PTC were to expire, the economics of the industry would shift to States with renewable mandates. Power markets will ultimately confront the real cost of wind energy, and price it accordingly. The overall impact on the industry would be far less severe than proponents claim[1].

Supporting Statements:

High Cost: Since adopted in 1992, the cost of the PTC for wind energy has ballooned from $5 million/year in 1998 to $1.5 billion annually today. The open-ended subsidy of 2.2¢/kWh in after-tax income represents a pre-tax value of approximately 3.7¢/kWh. In many regions of the country the PTC now equals, or is greater than, the wholesale price of power. Even if the PTC were to sunset, taxpayers are still obligated to cover nearly $10 billion in tax credits for wind projects built in the last decade. This is in addition to the $15 billion debt for wind projects eligible under Section 1603 (including anticipated 2012 grants).

Inefficient: Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind capacity exceeds transmission capacity and wind is curtailed[2]. In New England the PTC likely pays more subsidy than is necessary owing to aggressive State mandates. Utilities in New England routinely sign long-term power contracts for wind at prices significantly above market.

Other factors advancing wind development: The industry insists it's at risk of a slow-down without the PTC. This view ignores other crucial factors driving development including state mandates and natural gas prices. It is not possible given available data to identify the extent to which the PTC has contributed to growth in the sector[3]. In fact, demand for wind has eroded recently due, in part, to

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[1] Linowes et.al. 2012 Congressional Testimony http://science.house.gov/hearing/subcommittee-investigation-and-oversight-subcommittee-energy-and-environment-%E2%80%93-joint-hearing

[2] Wiser and Bolinger, 2010 *Wind Technologies Market Report*, (2011) vii http://eetd.lbl.gov/ea/ems/reports/lbnl-4820e.pdf

[3] Joint Committee on Taxation, *Present Law And Background Relating To Tax Credits For Electricity Production From Renewable Sources* (2005) 14 https://www.jct.gov/publications.html?func=startdown&id=1579

states meeting their renewable mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

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Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

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[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

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[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12
http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012)
http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. Study assumes some wind built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than $23/ton.

[10] Joint Committee on Taxation 14

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Statement of Various Citizens of New York

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions

Comments Submitted for the Record

The undersigned residents and property owners of the State of New York respectfully submit these comments in response to the April 26, 2012 Hearing on Certain Expiring Tax Provisions. Our comments are limited to the Production Tax Credit (PTC) for wind energy.

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Inefficient: Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind capacity exceeds transmission capacity and wind is curtailed[2]. In New England the PTC likely pays more subsidy than is necessary owing to aggressive State mandates. Utilities in New England routinely sign long-term power contracts for wind at prices significantly above market.

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states meeting their renewable mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

Environmental benefits: Wind energy is an unpredictable, variable resource that cannot be relied on to serve load. Its primary benefit is in reducing U.S. electric carbon emissions. According the Navigant[8], a four-year extension of the PTC could avoid an incremental 170 million tons of CO_2. This "best case" estimate is not predicated on an actual working grid region, but if we accept Navigant's estimate the cost to taxpayers is at least $23/ton CO_2[9], ten-times the $1.92/ton market price for offsets in the Northeastern states participating in RGGI! The PTC is a high-priced vehicle for very questionable reductions of CO_2 emissions.

Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO_2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

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[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

[5] Wiser and Bolinger v - Note: No independent audits exist to confirm job counts. Since any new job in the electricity sector must contribute to increasing the cost of electricity, this creates economic de-stimulus.

[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12
http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012)
http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. Study assumes some wind built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than $23/ton.

[10] Joint Committee on Taxation 14

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Statement of Various Citizens of Ohio

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions

Comments Submitted for the Record

The undersigned residents and property owners of the State of Ohio respectfully submit these comments in response to the April 26, 2012 Hearing on Certain Expiring Tax Provisions. Our comments are limited to the Production Tax Credit (PTC) for wind energy.

Executive Summary: The PTC is often credited for most of the growth in the wind sector but attributing market activity to the subsidy is overly simplistic and fails to consider other crucial factors driving development. When evaluated against key economic and environment criteria, the cost of the subsidy has proven excessive and the benefits to American taxpayers minimal. If the PTC were to expire, the economics of the industry would shift to States with renewable mandates. Power markets will ultimately confront the real cost of wind energy, and price it accordingly. The overall impact on the industry would be far less severe than proponents claim[1].

Supporting Statements:

High Cost: Since adopted in 1992, the cost of the PTC for wind energy has ballooned from $5 million/year in 1998 to $1.5 billion annually today. The open-ended subsidy of 2.2¢/kWh in after-tax income represents a pre-tax value of approximately 3.7¢/kWh. In many regions of the country the PTC now equals, or is greater than, the wholesale price of power. Even if the PTC were to sunset, taxpayers are still obligated to cover nearly $10 billion in tax credits for wind projects built in the last decade. This is in addition to the $15 billion debt for wind projects eligible under Section 1603 (including anticipated 2012 grants).

Inefficient: Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind capacity exceeds transmission capacity and wind is curtailed[2]. In New England the PTC likely pays more subsidy than is necessary owing to aggressive State mandates. Utilities in New England routinely sign long-term power contracts for wind at prices significantly above market.

Other factors advancing wind development: The industry insists it's at risk of a slow-down without the PTC. This view ignores other crucial factors driving development including state mandates and natural gas prices. It is not possible given available data to identify the extent to which the PTC has contributed to growth in the sector[3]. In fact, demand for wind has eroded recently due, in part, to

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[1] Linowes et.al. 2012 Congressional Testimony http://science.house.gov/hearing/subcommittee-investigation-and-oversight-subcommittee-energy-and-environment-%E2%80%93-joint-hearing

[2] Wiser and Bolinger, 2010 *Wind Technologies Market Report*, (2011) vii http://eetd.lbl.gov/ea/ems/reports/lbnl-4820e.pdf

[3] Joint Committee on Taxation, *Present Law And Background Relating To Tax Credits For Electricity Production From Renewable Sources* (2005) 14 https://www.jct.gov/publications.html?func=startdown&id=1579

states meeting their renewable mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

Environmental benefits: Wind energy is an unpredictable, variable resource that cannot be relied on to serve load. Its primary benefit is in reducing U.S. electric carbon emissions. According the Navigant[8], a four year extension of the PTC could avoid an incremental 170 million tons of CO_2. This "best case" estimate is not predicated on an actual working grid region, but if we accept Navigant's estimate the cost to taxpayers is at least $23/ton CO_2[9], ten-times the $1.92/ton market price for offsets in the Northeastern states participating in RGGI! The PTC is a high-priced vehicle for very questionable reductions of CO_2 emissions.

Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO_2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

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[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

[5] Wiser and Bolinger v - Note: No independent audits exist to confirm job counts. Since any new job in the electricity sector must contribute to increasing the cost of electricity, this creates economic de-stimulus.

[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12 http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012) http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. Study assumes some wind built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than $23/ton.

[10] Joint Committee on Taxation 14

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Statement of Various Citizens of West Virginia, Virginia, Maryland, New Jersey, and North Carolina

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions
Comments Submitted for the Record

The undersigned residents and property owners of the States of West Virginia, Virginia, Maryland, New Jersey, North Carolina and Georgia respectfully submit these comments in response to the April 26, 2012 Hearing on Certain Expiring Tax Provisions. Our comments are limited to the Production Tax Credit (PTC) for wind energy.

Executive Summary: The PTC is often credited for most of the growth in the wind sector but attributing market activity to the subsidy is overly simplistic and fails to consider other crucial factors driving development. When evaluated against key economic and environment criteria, the cost of the subsidy has proven excessive and the benefits to American taxpayers minimal. If the PTC were to expire, the economics of the industry would shift to States with renewable mandates. Power markets will ultimately confront the real cost of wind energy, and price it accordingly. The overall impact on the industry would be far less severe than proponents claim[1].

Supporting Statements:

High Cost: Since adopted in 1992, the cost of the PTC for wind energy has ballooned from $5 million/year in 1998 to $1.5 billion annually today. The open-ended subsidy of 2.2¢/kWh in after-tax income represents a pre-tax value of approximately 3.7¢/kWh. In many regions of the country the PTC now equals, or is greater than, the wholesale price of power. Even if the PTC were to sunset, taxpayers are still obligated to cover nearly $10 billion in tax credits for wind projects built in the last decade. This is in addition to the $15 billion debt for wind projects eligible under Section 1603 (including anticipated 2012 grants).

Inefficient: Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind capacity exceeds transmission capacity and wind is curtailed[2]. In New England the PTC likely pays more subsidy than is necessary owing to aggressive State mandates. Utilities in New England routinely sign long-term power contracts for wind at prices significantly above market.

Other factors advancing wind development: The industry insists it's at risk of a slow-down without the PTC. This view ignores other crucial factors driving development including state mandates and natural gas prices. It is not possible given available data to identify the extent to which the PTC has contributed to growth in the sector[3]. In fact, demand for wind has eroded recently due, in part, to

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[1] Linowes et.al. 2012 Congressional Testimony http://science.house.gov/hearing/subcommittee-investigation-and-oversight-subcommittee-energy-and-environment-%E2%80%93-joint-hearing

[2] Wiser and Bolinger, 2010 *Wind Technologies Market Report*, (2011) vii http://eetd.lbl.gov/ea/ems/reports/lbnl-4820e.pdf

[3] Joint Committee on Taxation, *Present Law And Background Relating To Tax Credits For Electricity Production From Renewable Sources* (2005) 14 https://www.jct.gov/publications.html?func=startdown&id=1579

states meeting their renewable mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

Environmental benefits: Wind energy is an unpredictable, variable resource that cannot be relied on to serve load. Its primary benefit is in reducing U.S. electric carbon emissions. According the Navigant[8], a four year extension of the PTC could avoid an incremental 170 million tons of CO2. This "best case" estimate is not predicated on an actual working grid region, but if we accept Navigant's estimate the cost to taxpayers is at least $23/ton CO2[9], ten-times the $1.92/ton market price for offsets in the Northeastern states participating in RGGI! The PTC is a high-priced vehicle for very questionable reductions of CO2 emissions.

Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

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[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

[5] Wiser and Bolinger v - Note: No independent audits exist to confirm job counts. Since any new job in the electricity sector must contribute to increasing the cost of electricity, this creates economic de-stimulus.

[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12 http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012) http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. Study assumes some wind built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than $23/ton.

[10] Joint Committee on Taxation 14

Supplemental Sheet

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Date submitted: May 10, 2012
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Statement of Various Citizens of Wisconsin

U.S. House of Representatives
Committee on Ways and Means
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April 26, 2012 - Hearing on Certain Expiring Tax Provisions

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Other factors advancing wind development: The industry insists it's at risk of a slow-down without the PTC. This view ignores other crucial factors driving development including state mandates and natural gas prices. It is not possible given available data to identify the extent to which the PTC has contributed to growth in the sector[3]. In fact, demand for wind has eroded recently due, in part, to states meeting their renewable mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

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[1] Linowes et.al. 2012 Congressional Testimony http://science.house.gov/hearing/subcommittee-investigation-and-oversight-subcommittee-energy-and-environment-%E2%80%93-joint-hearing

[2] Wiser and Bolinger, 2010 *Wind Technologies Market Report*, (2011) vii http://eetd.lbl.gov/ea/ems/reports/lbnl-4820e.pdf

[3] Joint Committee on Taxation, *Present Law And Background Relating To Tax Credits For Electricity Production From Renewable Sources* (2005) 14 https://www.jct.gov/publications.html?func=startdown&id=1579

[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

Environmental benefits: Wind energy is an unpredictable, variable resource that cannot be relied on to serve load. Its primary benefit is in reducing U.S. electric carbon emissions. According the Navigant[8], a four year extension of the PTC could avoid an incremental 170 million tons of CO2 This "best case" estimate is not predicated on an actual working grid region, but if we accept Navigant's estimate the cost to taxpayers is at least $23/ton CO2[9], ten-times the $1.92/ton market price for offsets in the Northeastern states participating in RGGI! The PTC is a high-priced vehicle for very questionable reductions of CO2 emissions.

Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

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[5] Wiser and Bolinger v - Note: No independent audits exist to confirm job counts. Since any new job in the electricity sector must contribute to increasing the cost of electricity, this creates economic de-stimulus.

[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12 http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012) http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. Study assumes some wind built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than $23/ton.

[10] Joint Committee on Taxation 14

Supplemental Sheet

Submitted by: Lynn Korinek, 1316 Rockledge Rd., Mishicot, WI 54228, bacllc@tm.net, 920-755-4644

Date submitted: May 9th, 2012

Comments submitted on behalf of the following residents and property owners of the State of Wisconsin

Wisconsin Citizens Coalition

WINDCOWS, Wisconsin Independent Citizens Opposing Wind Turbine Sites– Manitowoc & Kewaunee Counties
CCCRE, Calumet County Citizens for Responsible Energy – Calumet County
BCCRWE, Brown County Citizens for Responsible Wind Energy – Brown County
Concerned Citizens of Smelser & Paris Township, Grant County residents - Grant County
Concerned Citizens of Trempealeau County – Trempealeau, Monroe, Rock, LaCrosse, and Dane counties
Forest Voice - St Croix County
Forward Wind Factory Victims Coalition – Fond du Lac County
Glenmore Constitutional Coalition – Brown County
Western Wisconsin Landowners Alliance – Monroe County

Enz, Kathy	15304 Fairhills Rd	Maribel WI 54227
Borchardt, Carol	8817 County Tk W	Greenleaf, WI 54126
Cornelissen, Gerald	7044 Fairview Road	Denmark, WI 54208
Czerwinski, Dawn	1591 Ellis St	Green Bay WI 54302
Deiter, Ryan	963 Cty Hwy H	Cuba City, WI 53807
Deslauriers, Hanne	1440 Silverstone Trail Apt 2	De Pere, WI 54115
Diring, Jessica	4001 Langes Corners Road	DePere, WI 54115
Dykstra, Dale	2102 Nuclear Road	Mishicot, WI 54228
Ebert, Albert J	N1888 S Townhall Rd	Chilton,WI 53014
Engelbos, Carol	N7953 Kemp Lane	Crivitz, WI 54114
Fletcher, Jamie L.	6215 County Rd	Greenleaf, WI 54126
Fuller, Rachel	2954 230th Ave	Clear Lake, WI 54005
Gehl, Matt	W4013-HWY-114	Hilbert WI 54129
Gray, Carl	1015 Nuclear Rd	Mishicot, WI 54228
Gray, Faye	1015 Nuclear Rd	Mishicot, WI 54228
Greco, Allen	N3330 County Road B	Kewaunee, WI 54216
Hedrick, Dan	N4623 Fairway Dr	Chilton, WI 53014
Hetue, Linda	41 Leon St	Madison, WI 53714
Hilgenberg, Anita	915 Colonial Ave	Green Bay, WI 54304
Hinderman, Alison	2961 County Rd HH	Cuba City, WI 53807
Hock, Ann	6223 Blake Rd.	Greenleaf, WI 54126
Hoerth, Art	N4228 Moehrke Rd	Chilton, WI 53014
Hollenberger, Lisa	W. 5486 River Hill Dr	Johnson Creek, WI 53038
Jackelenm, Mark	1251 202 Avenue	New Richmond, WI 54017
Jenny, Janet L.	W2061 Hannah Lane	Sheboygan, WI 53083
Johnson, Joshua	2119 County Road P	Emerald, WI 54013
Johnston, Anne	2934 210th Ave	Emerald, WI 54013

Karls, Joan	W4801 Dick Rd	Chilton, WI 53014
Kielisch, Aaron	7066 N Center St	Horicon, WI 53032
Kielisch, Andrew	181 James St #10	Slinger, WI 53086
Kielisch, Anne	N60 W20340 Fox Creek Dr	Jackson, WI 53037
Kirsch, Jason	6024-69th Street	Kenosha, WI 53142
Klar, Melissa	552 S. 6th Street	Evansville, WI 53536
Knipp, Andy	1303 Ellis Street	Kewaunee, WI 54216
Knollmeyer, Francis	2867 Cty Rd Q	Clear Lake, WI 54005
Koch, Adele	615 Vroman St	Green Bay, WI 54303
Kocian, Brenda	8524 Kings Road	Greenleaf, WI 54126
Kocian, Marcia	8216 Dickinson Rd	Greenleaf, WI 54126
Koester, Janet	N3330 State Rd 55	Chilton, WI 53014
Konopacki, Andrew	18700 Rocky Ct	Denmark, WI 54208
Krejcarek, Judy	6145 Highview Rd	Denmark, WI 54208
Krizizke, Alan	12109 Lakeshore Rd	Mishicot, WI 54228
Lambert, Marlys J.	2336 280th St	Clear Lake, WI 54005
Lark, Theresa A	2427 Park Rd	Greenleaf, WI 54126
Lark, Tyler J	2427 Park Rd	Greenleaf, WI 54126
Leiterman, Donna	846 Woodrow St.	Denmark, WI 54208
Logan, Dale	2880 Cty Rd Q	Clear Lake, WI 54005
Logan, Gloria	2880 Cty Rd Q	Clear Lake, WI 54005
Ludwig, Angela	N2148 Forest Bluff Way	Lodi, WI
Ludwig, Sharon	W4389 Quinney Rd.	Chilton, WI 53014
Malgatter, Gary	17333 Hwy 42	Two Rivers, WI 54241
Matthews, Alan	12223 Lax Chapel Rd	Kiel, WI 53042
McAllister, Tracy	3107 Stonefield Trail	Green Bay, WI 54313
McGee, Deanna	1245 County Road D	Glenwood City, WI 54013
Melahn, Dana	4504 Tanglewood Dr	Janesville, WI 53546
Meulemans, Kacy J	5365 Moonlit Dr	DePere, WI 54115
Miller, Annette	2948 Hwy 64	Glenwood City, WI 54013
Miller, Joshua	2948 Hwy 64	Glenwood City, WI 54013
Mitchell, Donavon	13018 W Dorner Rd	Brodhead, WI 53520
Mitchell, Joan	13018 W Dorner Rd	Brodhead, WI 53520
Mowrer, Donna C.	830 McArthur Dr	Manitowoc, WI 54220
Mueller, Stacie	N2384 Cty Trunk B	Kewaunee, WI 54216
Munson, Andy	1289 County Rd H	Star Prairie, WI 54026
Murphy, Angela	1002 Eastman Street	Oshkosh, WI
Olson, Alton	4592 Cooperstown Rd.	Denmark WI 54208
Paral, Adam	N3426 Cty Rd AB	Luxemburg, WI 54217
Paral, Melanie	E2547 Krok Road	Kewaunee, WI 54216
Paulis, Andy	13113 5th St	Oseo, WI 54758
Pavlovich, Michael	6647 Park View Rd	Denmark, WI 54206
Pavlovich, Roberta	6647 Park View Rd	Denmark, WI 54206
Pekarek, Andrew	N585 Town Hall Road	Kewaunee, WI 54216

Pekarek, Michael	16803 Jambo Creek Road	Mishicot, WI 54228
Poppe, Sandi	999 Polk St	Little Chute, WI 54140
Rademann, Mark	W3095 Cedar Rd	Eden, WI 53019
Radintz, Angie	1970 Cty Rd P	Glenwood City, WI 54013
Reetz, Dan	7542 Dickinson Road	Greenleaf, WI 54126
Roberts, Anita	12113 Tannery Road	Mishicot, WI 54228
Rogers, Pamela	2631 Cty Rd Q	Clear Lake, WI 54005
Roscoe, David	1313 S 11th	Manitowoc, WI 54220
Salm, Gerald	13026 Cth X	Newton WI 53063
Salm, Krista	10729 S Union Rd	Newton WI
Schroeder, Germaine	3703 Dale St	Manitowoc, WI 54220
Schulenberg, Dave	8599 North Salisbury Rd	Kewaskum, WI 53040
Schuster, Sandra	3238 Hill Rd	Greenleaf, WI 54126
Serwe, Allan	N11051 Westline Rd	Brownsville Wi 53006
Shibler, Ann	6994 Bunker Hill Rd.	Greenleaf, WI 54126
Short, Theresa	401 S. Mechanic	Albany, WI 53502
Sommers, Donna	1100 Pershing Rd. Apt 13	De Pere, WI 54114
Stangel, Sarah	18321 Stangel Rd.	Denmark, WI 54208
Statz, Randy	570 S. Lincoln St	Monticello, WI 53570
Tenor, Daniel	3290 School Road	De Pere, WI 54114
Thiel, Alex	8085 Stone Road	De Pere, WI 54114
Thiel, Faith	8085 Stone Road	Greenleaf, WI 54126
Turk, Barb	3077 Fairview Rd.	Denmark, WI 54208
Van Goethem, Mark	N2780 Town Hall Rd	Kewaunee, WI 54216
Van Zeeland, Angie	7376 County Road PP	Greenleaf, WI 54126
Vanden Boogart, Martha	728 S. Buchanan St.	Little Chute, WI 54140
Vander Steen, Donald	7725 St. Pat's Church Rd.	Greenleaf, WI 54126
Vercauteren, Sandy	W6224 W Byron Rd	Byron, WI 53006
Vind, Dave	N26992 Tolokken Ln	Arcadia, WI 54612
Wachsmuth, Howard	2328 Stoney Rd.	Mishicot, WI 54228
White, Linda	18631 Rocky Ct.	Denmark, WI 54208
Wiederholt, Karla	2185 Hill Rd	Cuba City, WI 53807
Wilcox, Mark	2618 Two Creeks Rd	Mishicot, WI 54228
Wilsmann, Ann	117 Riverwood Court	Mishicot WI 54228
Woelfel, Agnes	421 Manhattan St	Chilton, WI 53014
Woelfel, Harold	421 Manhattan St	Chilton, WI 53014
Ambrose, Kerry	2890 Hill Rd.	Greenleaf, WI 54126
Anhalt, Richard E.	3106 E. County Hwy. V	Mishicot, WI 54228
Bebo, Brian	6066 Cty Rd. NN	Denmark, Wi. 54208
Borchardt, Constance	8817 County Tk W	Greenleaf, WI 54126
Cavil, James	2838 Otto Ct	Green Bay, WI 54313
Congine, Betty	N2327 Town Hall Rd	Kewaunee, WI 54216
Cornelissen, Barbara	7044 Fairview Road	Denmark, WI 54208
Crabb, Brent	122 S. Maple Ave	Green Bay, WI 54303

Ditter, Bethany	W4505 Cty. Hwy. H	Chilton,WI 53014
Enz, Bill	10930 Zander Rd	Maribel WI 54227
Faller, Bill	205 Rose Street	Kewaunee, WI 54216
Fuller, Robert	2937 230th Ave.	Clear Lake, WI 54005
Gryboski, Stacy	2250 Meadow Ridge Drive	De Pere, WI 54115
Hall,Bill	3136 Cty Rd Q	Clear Lake, WI 54005
Jacques, Debbie	1839 S. Oneida St	Green Bay, WI 54304
Jenny, Brian	P.O. Box 463	Elkhart Lake, WI 53020
Kiel, Bill	2112 43rd St.	Two Rivers, WI 54241
Klug, Bob	W 4864 Cty Rd A	Waldo, WI 53093
Kocian, Brian	8216 Dickinson Rd	Greenleaf, WI 54126
Krupp, Robert J.	N2179 Lake Shore Drive	Chilton, WI 53014
Ludwig, Brad	1603 Shenandoah Drive	Waunakee, WI
Nelson, Becky	2234 County Rd Q	Clear Lake, WI 54005
Olson, Mary	4592 Cooperstown Rd.	Denmark WI 54208
Parker, Brian	W3650 Custer Rd	Hilbert, WI 54129
Pelischek, Johanna	13911 Circle Dr	Mishicot, WI 54228
Popp, Brian	3756 May Lane	De Pere, WI 54115
Popp, Sandy	W3853 Court Rd	Chilton, WI 53014
Poppe, Bill	999 Polk St	Little Chute, WI 54140
Salseg, Brenda	2969 210th Ave	Emerald, WI 54013
Schauer, Benjamin	6225 Highview Rd	Denmark, WI 54208
Schramm, Jamie	2121 Barthels Rd	Two Rivers, WI 54241
Skiba, Barb	7826 Irish Rd	Two Rivers, WI 54241
Stanelle, Brian	7562 County Rd W	Greenleaf, WI 54126
Steffan, Tina	N3837 County Trunk B	Kewaunee, WI 54216
Strong, Beverly	3263 Bitters Ct	Green Bay, WI 54301
Thiel, Frank	8085 Stone Road	Greenleaf, WI 54126
Tranel, Bernie	2961 County Rd HH	Cuba City, WI 53807
Van Beek, Barb	6451 Glenmore Rd	Denmark, WI 54208
Van Goethem, Brenda	N2780 Town Hall Rd	Kewaunee, WI 54216
Van Rossum, Jeff	6880 Refuge Rd	Greenleaf, WI 54126
Vanden Boogart, Barb	7563 Holly-Mor Rd.	Greenleaf, WI 54126
VanLanen, Milt	2766 St Anthony Dr	Green Bay, WI 54311
Wagner, Bruce	2546 County Road HH	Cuba City, WI 53807
Weisser, Sue	N2650 Cty Trk B	Kewaunee, WI 54216
Wendland, Barbara	3297 Mill Rd	Greenleaf, WI 54126
Ludwig, Brenda	W4155 Wagner Rd	Chilton, WI 53014
Barth, Rebecca	4410 Jewel Lane	Platteville, WI 53818
Bell, Jeffrey C	W5054 County Road H	Chilton, WI 53014
Bembinster, Cathy	18002 W. Cty Rd. C	Evansville, WI 53536
Bosetski, Clyde	6745 Blake Rd	Greenleaf, WI 54126
Braunel, Collin	1216 S 13th St	Manitowoc, WI 54220
Brick, Dan	1734 Wayside Rd	Greenleaf, WI 54126

Cress, Dena	2257 Cty Rd P	Clear Lake, WI 54005
Denor, Corey	6792 Denor Dr.	Denmark, WI 54208
Epstein, Eric	22505 Kensington Road	Norwalk,WI 54648
Fritsche, Colleen	6705 Blake Road	Greenleaf, WI 54126
Gehl, Candy	W4013-HWY-114	Hilbert WI 54129
Hock, Bruce	6223 Blake Rd.	Greenleaf, WI 54126
Johnson, Carl	1893 Wayside Rd.	Greenleaf, WI 54126
Klar, Carrie	152 S. Madison St. Apt A	Lancaster, WI 53813
Klar, Eric	552 S. 6th Street	Evansville, WI 53536
Kocian, Jeff	8524 Kings Road	Greenleaf, WI 54126
Kuehne, Carl	4479 Heritage Heights Road	De Pere, WI. 54115
Kuscienko, Cindy	2953 210th Ave	Emerald, WI 54013
Lawton, Cathy	7039 Mt. Pleasant Dr.	West Bend, WI 53090
Leick, Christy	2840 Hill Road	Greenleaf, WI 54126
McMahon, Chris	W5366 Faro Springs Rd	Hilbert, WI 54129
Meyer, Cheryl	W6249 County Road Y	Brownsville WI 53006
Michie, Bonnie C	1846 290th St	Emerald, WI 54013
Paral, Christine	N3164 Town Hall Rd	Kewaunee, WI 54216
Pekarek, Clare	13033 Saxonburg Road	Mishicot, WI 54228
Rudy, Carroll	W3866 County Highway H	Chilton, WI 53014
Schurtz, Carole	2666 Cty Rd S	Glenwood City, WI 54013
Selk, Carol	W4821 Dick Road	Chilton, WI 53014
Sepstead, Craig	W7310 Cty Rd N	Plymouth, WI 53073
Sinner, Margaret	N5825 Moehn Road	Hilbert, WI 54129
Stanelle, Colleen	8290 CTY RD W	Greenleaf, WI 54126
Stanelle, Susan	7562 County Rd W	Greenleaf, WI 54126
Timmerman, Michael	2416 Hill Rd	Cuba City, WI 563807
Tymus, Colleen	7855 Stone Rd	Greenleaf, WI 54126
Van Goethem, Carol	N2653, Hwy 42	Kewaunee, WI 54216
Van Sistine, Rebecca	N6851 Elm Rd	Hilbert, WI 54129
Vanden Boogart, Carolyn	1009 Charles St.	Little Chute, WI 54140
Vanvonderen, Joshua	3654 Mill Road	Greenleaf, WI 54126
Verheyen, Paula	3023 Park Rd	Greenleaf, WI 54126
Vosters, Curt	7289 Cty W	Greenleaf, WI 54126
Wendt , Bruce	2931 Ridge Court	Greenleaf, WI 54126
Allan, Donna	1874 Wayside Rd	Greenleaf, WI 54126
Allen, Dave	N4503 Irish Rd	Chilton, WI 53014
Anderson, David	2125 Hwy 63	Deer Park, WI 54007
Anderson, Eric	513 Laura St	Green Bay, WI 54302
Ashley, Darren	3820 Schmidt Rd	DePere, WI 54115
Bacalzo,Laurie	2418 Jefferson St	Two Rivers, WI 54241
Barta, Susan	16422 Hwy. 42	Two Rivers, WI 54241
Blauert, Connie	2497 Wayside Rd.	Brillion, WI 54110
Cashman, Adam	6754 Roffers Rd.	Greenleaf, WI 54126

Christian, Dean	104 Wisconsin St	Cascade, WI 53011
Cook, David G.	W6204 County Rd Y	Brownsville, WI 53006
DeCleene, Anice	7454 Cty Road PP	Greenleaf WI, 54126
Deslauriers, Holly	8042 Holly-Mor Road	Greenleaf, WI 54126
Deslauriers, Mark	8042 Holly-Mor Road	Greenleaf, WI 54126
Deslauriers, Steve	2889 Wayside Road	Greenleaf, WI 54126
Desotelle, Terry	4423 Shirley Rd	Denmark WI 54208
Diring, Andrew	4001 Langes Corners Road	DePere, WI 54115
Edinger, Jeffrey D.	2732 Mill Rd	Greenleaf, WI 54126
Eggert, Dennis	2217 270th St	Deer Park, WI 54007
Hofmann, Todd	3016 Memorial Dr	Two Rivers, WI 54241
Hollenberger, Dave	W. 5486 River Hill Dr	Johnson Creek, WI 53038
Johnson, Dwaine F.	2119 County Road P	Emerald, WI 54013
Kirsch, Dave	5910-84 th St.	Kenosha, WI 53142
Krejcarek, Don	6145 Highview Rd	Denmark, WI 54208
Kuehl, Maynard	N4137 Cty Rd E	Kewaunee, WI 54216
Lagerman, Dalton J	W 2178 County Road Q	Malone Wi. 53049
Ludwig, Richard	W4155 Wagner Rd	Chilton, WI 53014
Ludwig, Todd	W4620 Schluchter Rd.	Chilton, WI 53014
Maigatter, Berdie	17333 Hwy 42	Two Rivers, WI 54241
McAllister, Ken	110 S. Ashland Street	Green Bay, WI 54303
McGee, Donna	2588 160th Ave	Emerald, WI 54012
Mueller, Gary	N2833 Town Hall Rd	Kewaunee, WI 54216
Mueller, Peter	N2384 Cty Trunk B	Kewaunee, WI 54216
Paral, Joe	E4291 Old Settlers Rd	Kewaunee, WI 54216
Paral, Mike	N3164 Town Hall Rd	Kewaunee, WI 54216
Pekarek, Veronica	N585 Town Hall Road	Kewaunee, WI 54216
Pelischek, Don	13911 Circle Dr	Mishicot, WI 54228
Rechner, Jim	1922 Harbor Lights Rd	Suamico WI 54173
Salm, Richard	13628 Willmas Rd	Newton, WI 53063
Schmidt, David	2168 County Rd P	Clear Lake, WI 54005
Schneider, Kathryn	3719 Park Road	Greenleaf, WI 54126
Seidl, Debbie	730 W. Ridgeview Dr, #8	Appleton, WI 54914
Stanelle, Lloyd	8290 CTY RD W	Greenleaf, WI 54126
Stephens, Dave	880 County H	Cuba City, WI 53807
Thibaudea, Marie	N9284 Corput Rd	Seymour, WI 54165
Turk, Fred	3077 Fairview Rd.	Denmark, WI 54208
Van Rossum, Mike	7063 Dickinson Rd	Greenleaf, WI 54126
Van Zeeland, Dale	W653 River Bend Dr	Kaukauna, WI 54130
Vanden Boogart, Darlene	N2461 Maloney Rd	Kaukauna, WI 54130
VanGoethem, Joyce	N2915 Town Hall Rd	Kewaunee, WI 54216
Verheyen, Troy	3023 Park Rd	Greenleaf, WI 54126
Voogt, Don	W3796 Elm Rd.	Hilbert, WI 54129
Vosters, Deborah J	W6359 Lakeview Ct.	Menasha WI 54952

Zweizig, Doug	6037 N. Finn Road	Evansville, WI 53536
Ambrose, Julie	2890 Hill Rd.	Greenleaf, WI 54126
Anhalt, Dean	1900 E. Tapawingo Road	Mishicot, WI 54228
Bosetski, Julie	6745 Blake Rd	Greenleaf, WI 54126
Buchholz, Elaine	7695 County Rd W	Greenleaf, WI 54126
Buchholz, Marvin	7695 County Rd W	Greenleaf, WI 54126
Buhl, Herb	W1875 Shady Lane	New Holstein, WI 53061
Buhr, Jolee	3116 Cty Rd Q	Clear Lake, WI 54005
Calderas, Victoria	121 Berger St	Green Bay, WI 54302
Cashman, Steve	6754 Roffers Rd.	Greenleaf, WI 54126
Cleven, Jeannie	6830 Blake Rd	Greenleaf, WI 54126
Coussons, Anna	649 Ledgetop Dr	Greenleaf, WI 54126
Creamer, Pete	1023 Pasadena Pkwy	Waunakee, WI
DeBoer, Edgar	2862 210th Ave	Emerald WI 54013
Faller, Heidi	205 Rose Street	Kewaunee, WI 54216
Fictum, Dale	N2653, Hwy 42	Kewaunee, WI 54216
Gebhart, Mary	N2830 Spetta Rd	New Holstein, WI 53061
Heuer, Eileen	1204 Seidl Lake Rd	Kewaunee, WI 54216
Jakl, Jake	13926 Hickory Grove Road	Maribel, WI 54227
Karls, Gerry	W4801 Dick Rd	Chilton, WI 53014
Kempen, Mary	6968 Pleasant View Road	Greenleaf, WI 54126
Kirsch, Michelle	6024-69th Street	Kenosha, WI 53142
Klar, Emily	152 S. Madison St. Apt A	Lancaster, WI 53813
Krizizke, Mike	12109 Lakeshore Rd	Mishicot, WI 54228
Krupp, Jeanne M.	N2179 Lake Shore Drive	Chilton, WI 53014
Kuehne, Mary Ellen	4479 Heritage Heights Road	De Pere, WI. 54115
Malueg, Elizabeth	4545 Mill Road	Denmark, WI 54208
Marcusen, Erin	3646 Lark Road	Green Bay, WI 54313
Miller, Robert	2948 Hwy 64	Glenwood City, WI 54013
Nies, Joel	8122 Morrison Rd	Greenleaf, WI 54126
Patek, George	2706 Benzinger Road	Mishicot, WI 54228
Pekarek, Dean	13033 Saxonburg Road	Mishicot, WI 54228
Popp, Elsie	N2916 County Road C	Chilton, WI 53014
Rank, Sue	1526 N. Rapids Rd	Manitowoc, WI 54220
Reetz, Joel	8294 County Rd W	Greenleaf, WI 54126
Rosin, Dale	7131 Morrison Rd	Greenleaf, WI 54126
Schneider, Ellen	N2289 County C	Chilton, WI 53014
Schurtz, Eric	2666 Cty Rd S	Glenwood City, WI 54013
Selk, Ervin	W4821 Dick Road	Chilton, WI 53014
Sinner, Eugene	N5825 Moehn Road	Hilbert, WI 54129
Swanepoel, Dave	2915 210th Ave	Emerald, WI 54013
Tenor, Jean,	3290 School Road	De Pere, WI 54114
Timmerman, Jean	2416 Hill Rd	Cuba City, WI 563807
Treichel, Perry	6448 Hwy W	Greenleaf, WI 54126

Van Rossum, Charlotte	6880 Refuge Rd	Greenleaf, WI 54126
Vanden Boogart, Jim	7563 Holly-Mor Rd	Greenleaf, WI 54126
Vanden Boogart, Mike	5489 Trails End Road	Larsen, WI. 54947
Wachsmuth, Diane	2328 Stoney Rd.	Mishicot, WI 54228
Wavrunek, Theresa	N2248 Woodside Rd	Kewaunee, WI 54216
Wentz, Esther S.	105 South Montana Ave	New Richmond, WI 54017
Winkler, Mike	N8493 Sunset Dr	Fond du Lac wi 54937
Anderson, Karen	3891 Sandpiper Way	Green Bay, WI 54311
Ebert, Karen I	N1888 S TOWNHALL RD	Chilton,WI 53014
Enz, Florence	450 S Wall St	Denmark, WI 54208
Heyroth, Tony	14520 Crossroad Dr	Mishicot, WI 54228
Howland, Sharron	13925 Heyroth Ct	Mishicot, WI 54228
Kitchen, Paula	4423 Shirley Rd	Denmark WI 54208
Kruse, Lynne	N3811 Willow	Kewaunee, WI 54216
Leiterman, Lee	846 Woodrow St.	Denmark, WI 54208
Ludwig, Shelly	W4620 Schluchter Rd.	Chilton, WI 53014
Marcusen, Jenifer	3646 Lark Road	Green Bay, WI 54313
Marx, Steven F.	6131 Fischer Creek Road	Cleveland, WI 53015
Miller, Jeff	2979 Hwy 64	Glenwood City, WI 54013
Sisel, Delores	4290 Irish Rd	Mishicot, WI 54228
Brandt, Greg	1903 Cty H	Cuba City, WI 53807
Curry, Lynn	14134 Circle Dr	Mishicot, WI 54228
Curry, Thomas	14134 Circle Dr	Mishicot, WI 54228
Desotelle, Paul	4423 Shirley Rd	Denmark WI 54208
Eichhorst, Sheryl	7561 County Hwy W	Greenleaf WI 54126
Fletcher, Jerilyn J.	6215 County Rd	Greenleaf, WI 54126
Hedrick, MarJean	N4623 Fairway Dr	Chilton, WI 53014
Hoerth,Ray	N4181 Moehrke Rd	Chilton, WI 53014
Ihlenfeldt, Karl	6541 Hwy W	Greenleaf, WI 54126
Jenny, Thomas G	W2061 Hannah Lane	Sheboygan, WI 53083
Kamyszek, Mike	2537 41st St.	Two Rivers, WI 54241
Kunz, Tracy L.	12104 Saxonburg Rd	Mishicot, WI 54228
Leicht, Sonja	11737 Kingfisher Lane	Cleveland, WI 53015
Meyer, Gerry	W6249 County Road Y	Brownsville WI 53006
Miller, Roger	3025 Hwy 64	Glenwood City, WI 54013
Morehouse, Kelly	665 Hillside Court	Evansville, WI 53536
Nett, Marge	W4815 Dick Rd	Chilton Wi 53014
Paral, Don	N3397 Cty Rd AB	Luxemburg, WI 54217
Pekarek, Jason	E 2946 Nuclear Road	Kewaunee, WI 54216
Radloff, Douglas E.	1107 Urban St	Rothschild, WI 54474
Rechner, Mary	1922 Harbor Lights Rd	Suamico WI 54173
Smurawa, Robert	6066 Cty Rd. NN	Denmark, Wi. 54208
Toberman, Graceann	13343 W.County Road B,	Brodhead, WI 53520
Verbeten, Doug	7602 Schwahn Road	Greenleaf, WI 54126

Vercauteren, Sarah	7566 Cty Rd W	Greenleaf, WI 54126
Wendland, Travis	3297 Mill Rd	Greenleaf, WI 54126
Ziegelbauer, Don	N4462 Hwy. 55	Chilton, WI 53014
Abts, Sarah	4250 Oak Ridge Circle	De Pere, wi 54115
Anhalt, Melanie	3106 E. County Hwy. V	Mishicot, WI 54228
Behrmann, Mary	1900 E. Tapawingo Road	Mishicot, WI 54228
Czerwinski, John	1591 Ellis St	Green Bay WI 54302
Enz, Kim	15304 Fairhills Rd	Maribel WI 54227
Greco, Theresa	N3330 County Road B	Kewaunee, WI 54216
Hilgenberg, Mary	7312 Holly-Mor Rd	Greenleaf, WI 54126
Kipp, Sara	1452 Porlier St	Green Bay WI 54301
Klar, Sarah	833 Elm Street	Lancaster, WI 53813
Konopacki, Chris	18700 Rocky Ct	Denmark, WI 54208
Paral, Kendall	E4291 Old Settlers Rd	Kewaunee, WI 54216
Patrick, Heather	665 Grant Ave	Omro, WI 54963
Schauer, Pamela	6225 Highview Rd	Denmark, WI 54208
Scheuer, Marty	N1009 Cty HWY AB	Kewaunee, WI 54216
Skiba, Michael	7826 Irish Rd	Two Rivers, WI 54241
Stanelle, Kent	7562 County Rd W	Greenleaf, WI 54126
Sundeen, John	2234 County Rd Q	Clear Lake, WI 54005
Tielens, Chris	6441 Glenmore Rd	Denmark, WI 54208
Treichel, Deanna	2969 Lark Rd.	Greenleaf, WI 54126
Van Kilsdonk, Robert	3976 Hill Road	Greenleaf WI 54126
Bembinster, Jim	18002 W. Cty Rd. C	Evansville, WI 53536
Bixby-Wendt , Julie	2931 Ridge Court	Greenleaf, WI 54126
Cress, Jim	1919 280th St	Emerald, WI 54013
Ditter, Virginia	W4505 Cty. Hwy. H	Chilton,WI 53014
Drabik, Irene	7826 Irish Rd	Two Rivers, WI 54241
Epstein, Inese	22505 Kensington Road	Norwalk,WI 54648
Hoerth, David	4655 Co. Rd. F	Chilton, WI 53014
Hoerth, Diane	N4181 Moehrke Rd	Chilton, WI 53014
Kelley, Tim	7527 N Tichigan Rd	Waterford WI
Kipp, Nick	1452 Porlier St	Green Bay WI 54301
Korinek, Jerome	2127 31st St	Two Rivers, WI 54241
Ludwig, Trisha	1603 Shenandoah Drive	Waunakee, WI
Matthews, Iain	511A North St	Kiel, WI 53042
McAllister, Michael	1948 School Lane	Green Bay, WI 54313
McGee, Tim	2588 160th Ave	Emerald, WI 54012
Morehouse, Lori	4432 Mill Rd.	Denmark, WI54208
Paral, Brian	E2547 Krok Road	Kewaunee, WI 54216
Paral, Jessica	N3397 Cty Rd AB	Luxemburg, WI 54217
Roffers, Michael	3759 Lark Road	Greenleaf, WI 54126
Salm, Nick	10729 S Union Rd	Newton WI
Schlies, Mark	6830 Blake Rd	Greenleaf, WI 54126

Schmidt, Brian	17733 Taus Rd	Reedsville, WI 54230
Schramm, Jodi	2121 Barthels Rd	Two Rivers, WI 54241
Smits, Matt	2543 Day St	Greenleaf, WI 54126
Thibaudea , Phil	N9284 Corput Rd	Seymour, WI 54165
Vankauwenberg, Dianna	4422 Cooperstown Rd	Denmark, WI 54208
Vercauteren, David	3410 Park Rd	Greenleaf, WI 54126
Barnette-Zeamer, Judy	N9581 Clover Ridge Terrace	Appleton, WI 54914
Bjork, Lee	W3330 Court Road	Chilton, WI 53014
Calderas, Arnulfo	121 Berger St	Green Bay, WI 54302
Coenen, Kari	3616 Lark Road	Greenleaf, WI 54126
Ebert, Michael J	N1888 S TOWNHALL RD	Chilton,WI 53014
Ericson, Jeffrey	2022 270th St	Emerald, WI 54013
Fritsche, James	6705 Blake Road	Greenleaf, WI 54126
Kvitek, Pat	6296 Dickinson Road	De Pere, WI 54115
Ley, DJ	2684 School Road	Greenleaf, WI 54126
Logan, Janet	2316 280th St	Clear Lake WI, 54005
McMahon, Joe	W5366 Faro Springs Rd	Hilbert, WI 54129
Mueller, Jenny	N2833 Town Hall Rd	Kewaunee, WI 54216
Olson, Lars	4592 Cooperstown Rd.	Denmark WI 54208
Otto, Ted	7535 Dickinson Road	Greenleaf, WI 54126
Sepstead, Janet	W7310 Cty Rd N	Plymouth, WI 53073
Treichel, Patricia	2953 Lark Road	Greenleaf, WI 54126
Wachsmuth, John	2328 Stoney Rd.	Mishicot, WI 54228
Winnekins, Jerry	6487 Glenmore Rd	Denmark, WI 54208
Backman, Lisa S	7237 Pleasantview Road	Greenleaf, WI 54126
Barta, Rick	16422 Hwy. 42	Two Rivers, WI 54241
Barth, Kirk	4410 Jewel Lane	Platteville, WI 53818
Candee, Kathleen	N3330 State Rd 55	Chilton, WI 53014
Dykstra, Wava	2102 Nuclear Road	Mishicot, WI 54228
Enz, Rosemary	6034 Fairview Rd	Denmark WI 54208
Hoerth, Keith	601 E. Craig Street	Dodgeville, Wi
Jacobson, Mark	5625 Bellbrook Rd	Brooklyn, WI 53521
Jenny, Kerri	P.O. Box 463	Elkhart Lake, WI 53020
Kawula, Kevin	13133 W. Dorner Road	Brodhead, WI 53520
Kielisch, Karen	181 James St #10	Slinger, WI 53086
Kyle, Karen	2670 Hwy 64	Emerald, WI 54013
Malueg, Erik	4545 Mill Road	Denmark, WI 54208
Marx, Karen M.	6131 Fischer Creek Road	Cleveland, WI 53015
Norling, Stephen J.	W4593 Palace Rd.	Neceda, WI 54646
Pelisek , Frank	10929 Saxonburg Road	Mishicot WI 54228
Runde, Ken	963 Cty Hwy H	Cuba City, WI 53807
Schaefer, Kyle		Milwaukee, WI
Schroeder, Mike	5401 North 40th Street	Milwaukee, WI 53209
Toberman, Kurt	13343 W.County Road B.	Brodhead, WI 53520

Van Asten, Karen	97 S Royal Ave	Fond du Lac, WI 54935
Westrich, Jill	7088 Cty W	Greenleaf, WI 54126
Woelfel, Martha	W2949 Hickory Hills Road	Chilton, WI 53014
Anderson, Donald	3891 Sandpiper Way	Green Bay, WI 54311
Barry-Kawula, Lynda	13133 W. Dorner Road	Brodhead, WI 53520
Cashman, Ellen	6754 Roffers Rd.	Greenleaf, WI 54126
Follett, Larry	1607 Gabertfield Ct	Suamico, WI 54173
Geurts, Danielle	336 Clay Street	Wrightstown, WI 54180
Green, Les	N1331 Two Creek Rd	Bonduel, WI 54107
Gryboski, Steve	2894 Shelter Creek Court	Green Bay, WI 54313
Harmann, Tim	4544 Mill Rd	Denmark, WI 54208
Kieler, Linda	3053 Alt Rd	Cuba City, WI 53807
Lanier, Lyda	20964 Co. Hwy. A	Tomah, WI 54660
Lawrenz, Carl	3569 Park Road	Greenleaf, WI 54126
Logan, Lloyd	2322 280th St	Clear Lake WI, 54005
Mowrer, Michael E.	830 McArthur Dr	Manitowoc, WI 54220
Patrick, Lincoln	665 Grant Ave	Omro, WI 54963
Schneider, Charles	N2289 County C	Chilton, WI 53014
Skrobel, Lynn	2338 Forest Meadows Ct	Green Bay, WI 54313
Stolz, Lori	421 Stoney Brook Dr	Manitowoc, WI 54220
Swanepoel, Lorelei	2915 210th Ave	Emerald, WI 54013
Tenor, Gerald	3290 School Road	De Pere, WI 54114
Van Zeeland, Muriel	W653 River Bend Dr	Kaukauna, WI 54130
Vanden Boogart, Michelle	5489 Trails End Road	Larsen, WI. 54947
Vanvonderen, Lynn	3654 Mill Road	Greenleaf, WI 54126
Wunsch, Larry	W7037 Fox Dr	Fond du Lac, WI 54937
Brandt, Mary	1903 Cty H	Cuba City, WI 53807
Fisher, Mitchell J	W4722 S Cty Rd A	Waldo, WI 53093
Gorzlancyk, James	3722 Catalina Dr.	Green Bay, WI 54311
Hartung, Jerome	W7310 Cty Rd N	Plymouth, WI 53073
Heuer, Ron	E3530 Townline Rd	Kewaunee, WI 54216
Jackelen, Mark	501 East 3rd Avenue	New Richmond, WI 54017
Kielisch, Mark	1272 Dublin Dr	Hartford, WI 53027
Konopacki, Tom	N. 1846 Steiner Rd	Monroe, WI 53566
Kreft, Donna M	2755-220th Ave #1	Deer Park, WI 54007
Krizizke, Mary	12109 Lakeshore Rd	Mishicot, WI 54228
Lagerman, Joan M	W 2178 County Road Q	Malone Wi. 53049
McGee, Matt	1245 County Road D	Glenwood City, WI 54013
Moehn, Keith	W4861 Moore Rd	Hilbert, WI 54129
Nicholson, Dominic	10929 Saxonburg Road	Mishicot WI 54228
Otto, Elmer	8261 County Road W	Greenleaf, WI 54126
Paulis, Maria	13113 5th St.	Oseo, WI 54758
Peotter, Kathy	5706 Big Apple Rd	De Pere, WI 54115
Rasmussen, Beverly M.	1117 Thrush St	Green Bay, WI 54303

Reetz, Jean	7542 Dickinson Road	Greenleaf, WI 54126
Rogers, Lorna M.	2827 Polk Saint Croix Rd	Clear Lake, WI 54005
Schmitz, Michael	W4915 CTY H	Chilton, WI 53014
Schulenberg, Miranda	8599 North Salisbury Rd	Kewaskum, WI 53040
Skiba, Joseph	7826 Irish Rd	Two Rivers, WI 54241
Stephens, Mary Jean	880 County H	Cuba City, Wisc. 53807
Thompson, Mary Ann	862 County H	Cuba City, Wisc. 53807
Timmerman, Sam	2416 Hill Road	Cuba City, WI 53807
Treu, Jennifer	3335 Mill Road	Greenleaf, WI 54126
Van Asten, Mark	97 S Royal Ave	Fond du Lac, WI 54935
Wotachek, Matt	1753 Michigan Street	Sturgeon Bay, WI 54235
Ashley, Susan	3820 Schmidt Rd	DePere, WI 54115
Baenen Kelly	1484 Waterford Dr	Green Bay, WI 54313
Blauert, Dan	2672 Wayside Rd.	Greenleaf, WI 54126
Blauert, Joan	2672 Wayside Rd.	Greenleaf, WI 54126
Brewer, Joann	936 County Road H	Cuba City, WI 53807
Christensen, Brian	18505 Rocky Ct	Denmark, WI 54208
DeCleene, Ronald	7454 Cty Road PP	Greenleaf WI, 54126
DesJarlais, Diane	17624 Kasmer Rd	Mishicot, WI 54228
Garcia, Nicole	186 20th Street	Fond du Lac, WI 54935
Gualtieri, Gina	E3530 Townline Rd	Kewaunee, WI 54216
Hardtke, Cindy	N2334 Lakeshore Rd	Kewaunee, WI 54216
Heuer, Wayne	1204 Seidl Lake Rd	Kewaunee, WI 54216
Ihlenfeldt, Jane	N2430 Cty Trunk B	Kewaunee, WI 54216
Kieler, Terry	1499 Mill Road	Cuba City, WI 53807
Kielisch, Erin	7066 N Center St	Horicon, WI 53032
Kielisch, Kathleen	1272 Dublin Dr	Hartford, WI 53027
Klar, Jenna	1617 Klar Rd.	Platteville, WI 53818
Klug, Jan	W 4864 Cty Rd A	Waldo, WI 53093
Krause, Deanna	411 S State St	Mishicot, WI 54228
Kruse, Tom	N3811 Willow	Kewaunee, WI 54216
Ley, Jenny	2684 School Road	Greenleaf, WI 54126
Lodl, Susan	720 Madison Ave	Cascade, WI 53011
Ludwig, Nic	N2148 Forest Bluff Way	Lodi, WI
Mejia, Julian	6459 Glenmore Rd	Denmark, WI 54208
Meulemans, Joseph	3155 Man-Cal Rd.	Reedsville, WI 54230
Miller, Nicole	2948 Hwy 64	Glenwood City, WI 54013
Mueller, Tom		Two Rivers, WI 54241
Peotter, Glen	5706 Big Apple Rd	De Pere, WI 54114
Popp, Mike	W3853 Court Rd	Chilton, WI 53014
Schmidt, Ken	1818 290th St	Emerald, WI 54013
Tenor, Larry	3290 School Road	De Pere, WI 54114
Van Zeeland, Lynn	2680 Buchanan Rd.	Kaukauna, WI 54130
Vercauteren, Dan	7566 Cty Rd W	Greenleaf, WI 54126

Vercauteren, Daniel	7566 Cty Rd W	Greenleaf, WI 54126
White, Dean	18631 Rocky Ct.	Denmark, WI 54208
Wiederholt, Joann	1724 Cty Hwy H	Cuba City, WI 53807
Wilson, Nancee	2971 Hwy 64	Emerald, WI 54013
Winkler, Robin	N8493 Sunset Dr	Fond du Lac wi 54937
Ashley, Darrell	3712 Shirley rd	Depere, WI 54115
Biese, Bonnie	7468 County Rd W	Greenleaf, WI 54126
Ditter, Paul	W4505 Cty. Hwy. H	Chilton,WI 53014
Friebel, Lisa	3225 Wayside Road	Greenleaf, WI 54126
Gryboski, Lynne	2894 Shelter Creek Court	Green Bay, WI 54313
Hammond, Sandra	3354 Park Rd	Greenleaf, WI. 54126
Hoerth, Jean	N4228 Moehrke Rd	Chilton, WI 53014
Hofmann, Kim	3016 Memorial Dr	Two Rivers, WI 54241
Johnson, Donna	2119 County Road P	Emerald, WI 54013
Kieler, Kim	1499 Mill Road	Cuba City, WI 53807
Krause, George	411 S State St	Mishicot, WI 54228
Ledvina, John	7567 St Pat's Rd	Greenleaf,WI 54126
Leicht, Jon	5016 28th Street	Kenosha, WI 53144
Meulemans, Joseph D	3133 Man-Cal Rd	Reedsville, WI 54230
Nelesen, Joe	W3095 Hickory Hills Road	Chilton, WI 53014
Schroeder, Donald	3703 Dale St	Manitowoc, WI 54220
Smits, Bob	2543 Day St	Greenleaf, WI 54126
Strom, John	3159 200th Ave	Glenwood City, WI 54013
Vanden Boogart, Jeff	N2461 Maloney Rd	Kaukauna, WI 54130
Vosters, Robert M	W6359 Lakeview Ct.	Menasha WI 54952
Weisser, Bob	N2650 Cty Trk B	Kewaunee, WI 54216
Christian, Polly	104 Wisconsin St	Cascade, WI 53011
Crabb, Peggy	122 S. Maple Ave	Green Bay, WI 54303
Hall , Pat	3136 Cty Rd Q	Clear Lake, WI 54005
Klar, Pat	1617 Klar Rd.	Platteville, WI 53818
Kreft, Peter G	2755-220th Ave #1	Deer Park, WI 54007
Lagerman, Patrick A	W 2178 County Road Q	Malone Wi. 53049
Lodl, Paul	720 Madison Ave	Cascade, WI 53011
Murphy, Paul	1002 Eastman Street	Oshkosh, WI
O'Reilly, Pam	224 50th Ave.	Clayton, WI 54004
Pavlovich, Joseph	6647 Park View Rd	Denmark, WI 54206
Roberts, Jeff	12113 Tannery Road	Mishicot, WI 54228
Rogers, Phillip E.	2827 Polk Saint Croix Rd	Clear Lake, WI 54005
Stangel, Mike	18321 Stangel Rd.	Denmark, WI 54208
Knuth, Lynne	7846 Grimms Road	Reedsville, WI 54230
Matthews, Laura	12223 Lax Chapel Rd	Kiel, WI 53042
Nehring , Ronald	1036 Holmes Road	Mishicot WI 54228
Plant, Jacqueline	1588 Dousman St.	Green Bay, WI 54303
Anderson, Roger	2916 - 210th Avenue	Emerald, WI 54013

Benson, Roger	2754 State Rd 64	Glenwood City, WI 54013
Bjork, Lisa	W3330 Court Road	Chilton, WI 53014
Bretthauer, Greg	W4758 Hill Rd	Hilbert, WI 54129
Coussons, Dr. Herb	649 Ledgetop Dr	Greenleaf, WI 54126
Cress, Brad	2257 Cty Rd P	Clear Lake, WI 54005
DeBoer, Luella	2862 210th Ave	Emerald WI 54013
Ellison, Lori	3318 Hill Road	Greenleaf WI 54126
Greco, Jordan	N3330 County Road B	Kewaunee, WI 54216
Hammond, Orrin	3354 Park Rd.	Greenleaf, WI 54126
Howland, Ken	13925 Heyroth Ct	Mishicot, WI 54228
Kiel, Laurie	2112 43rd St.	Two Rivers, WI 54241
Krause, Jen	1639 Cty VV	Seymour WI 54165
Kuehne, Kim	2001 S Cty Rd P	Luxemburg, WI 54217
Kunz, Francis R.	12104 Saxonburg Rd	Mishicot, WI 54228
Lambert, Richard L.	2336 280th St	Clear Lake, WI 54005
Lammi, Sheila Renee	2087 310th St	Glenwood City, WI 54013
Loppnow, Rick	3163 Cooperstown Rd	De Pere, WI 54115
Ludwig, Eric	W4389 Quinney Rd.	Chilton, WI
McAllister, Dorothy	1948 School Lane	Green Bay, WI 54313
Morehouse, Jon Jr	665 Hillside Court	Evansville, WI 53536
Munson, Mari	1289 County Rd H	Star Prairie, WI 54026
Nett, Gerald D	W4815 Dick Rd	Chilton WI 53014
Nies, Marilyn	8122 Morrison Rd	Greenleaf, WI 54126
Pajak, Rose	W. 1940 Cty. C	Brooklyn, WI 53521
Paral, Kathy	N3164 Town Hall Rd	Kewaunee, WI 54216
Paral, Tina	N3426 Cty Rd AB	Luxemburg, WI 54217
Preissner, Mark	W5518 Hwy. 114	Menasha, WI 54952
Salm, Kelly	3820 Hwy W	Greenleaf, WI 54126
Schmidt, Kerri	17733 Taus Rd	Reedsville, WI 54230
Seilo, Ron	41 Leon St	Madison, WI 53714
Treu, Jarret	3335 Mill Road	Greenleaf, WI 54126
Van Sistine Jr. , Richard	N6851 Elm Rd	Hilbert, WI 54129
Vanden Boogart, Jennifer RN	2824 Landmark Place, #50	Madison, WI 53713
VanGoethem, Arnold	N2915 Town Hall Rd	Kewaunee, WI 54216
Wasmund, Kyle	3123 Liberty Bell Rd	Green Bay, WI 54313
Wavrunek, Brian	N2248 Woodside Rd	Kewaunee, WI 54216
Wiederholt, Marie	2185 Hill Rd	Cuba City, WI 53807
Allan, James	1874 Wayside Rd	Greenleaf, WI 54126
Anderson, Susan	2125 Hwy 63	Deer Park, WI 54007
Ard, Scottie	105 South Montana Ave	New Richmond, WI 54017
Bell, Sally J	W5054 County Road H	Chilton, WI 53014
Biese, James	7468 County Rd W	Greenleaf, WI 54126
Bradley, James	N2674 Cty Trk B	Kewaunee, WI 54216
Bryson-Fisher, Sandra Ann	W4722 S Cty Rd A	Waldo, WI 53093

Cress, Sandra	1919 280th St	Emerald, WI 54013
Deslauriers, Ronald	1440 Silverstone Trail Apt 2	De Pere, WI 54115
Eichhorst, James	7561 County Hwy W	Greenleaf WI 54126
Garcia, Gus	186 20th Street	Fond du Lac, WI 54935
Gebhart, Sarah	N4660 Fairway Drive	Chilton, WI 53014
Jones, Michael	E3506 S Apple Tree Ln. Apt B	Waupaca, WI 54981
Kempen, Tom	6968 Pleasant View Road	Greenleaf, WI 54126
Kirsch , Jean M.	5910-84th St	Kenosha, WI 53140
Kirsch, Jean	5910-84 th St.	Kenosha, WI 53142
Klar, Susan	1617 Klar Rd.	Platteville, WI 53818
Klug, James	3318 Hill Road	Greenleaf WI 54126
Knollmeyer, Glennis	2867 Cty Rd Q	Clear Lake, WI 54005
Konopacki, Steve	N. 415 Dinges Rd	Monroe, WI 53566
Konshak, John	1531 Western Ave	Green Bay, WI 54303
Kornely, Scott	11512 Lakeshore Rd	Two Rivers, WI 54228
Lanier, James	20964 Co. Hwy. A	Tomah, WI 54660
Lawton, Sarah	7039 Mt. Pleasant Dr.	West Bend, WI 53090
Logan, Ines	2322 280th St	Clear Lake WI, 54005
Marcusen, James	3646 Lark Road	Green Bay, WI 54313
Metzger, James	W53 N550 Highland Dr	Cedarburg, WI 53012
Mick, Delores	W3958 Nursery Rd	Fon du Lac, WI 54937
Miller, Sue	3025 Hwy 64	Glenwood City, WI 54013
Mirhashemi, Hossein	1540 River Pines Dr	Green Bay, WI 54311
Moehn, Rose	W4861 Moore Rd	Hilbert, WI 54129
Schmidt, Doris	2168 County Rd P	Clear Lake, WI 54005
Shibler, Dan	6994 Bunker Hill Rd.	Greenleaf, WI 54126
Vanden Boogart, Steve	1009 Charles St.	Little Chute, WI 54140
VanLanen, Jean	2766 St Anthony Dr	Green Bay, WI 54311
Vind, Deloras	N26992 Tolokken Ln	Arcadia, WI 54612
Vosters, Theresa	7289 Cty W	Greenleaf, WI 54126
Wiederholt, Donald	1724 Cty Hwy H	Cuba City, WI 53807
Wilsmann, Charles	117 Riverwood Court	Mishicot WI 54228
Wilson, Scot	2971 Hwy 64	Emerald, WI 54013
Wunsch, Sharon	W7037 Fox Dr	Fond du Lac, WI 54937
Ashley, Luke	3820 Schmidt Rd	DePere, WI 54115
Bacalzo, Steve	2418 Jefferson St	Two Rivers, WI 54241
Baenen, Matt	1484 Waterford Dr	Green Bay, WI 54313
Cornelissen, Constance	7044 Fairview Road	Denmark, WI 54208
DesJarlais, Robert	17624 Kasmer Rd	Mishicot, WI 54228
Fictum, Scott	Saxonburg Rd	Two Rivers, WI 54241
Fuller, Rita	2937 230th Ave.	Clear Lake, WI 54005
Hilgenberg, Curt	7312 Holly-Mor Rd	Greenleaf, WI 54126
Hoitomt, Margaret	3162 State Rd 64	Glenwood City, WI 54013
Johnston, Tom	2934 210th Ave	Emerald, WI 54013

Klar, Nathan	833 Elm Street	Lancaster, WI 53813
Klug, Matthew	7214 Pleasant View Rd	Greenleaf, WI 54126
Korinek, Jeanette	2127 31st St	Two Rivers, WI 54241
Krause, Keith	1639 Cty VV	Seymour WI 54165
Leicht, Katie	5016 28th Street	Kenosha, WI 53144
Loughead, Fritz	2008 24th St	Two Rivers, WI 54241
McAllister, Tim	3107 Stonefield Trail	Green Bay, WI 54313
Melahn, Garrett	4504 Tanglewood Dr	Janesville, WI 53546
Montoure, Chuck	4439 Indian Trails	Green Bay, WI 54313
Morehouse, Kristin	2046 Hannah Lane	Sheboygan, WI 53083
Ostberg, Todd	2953 210th Ave	Emerald, WI 54013
Pekarek, Jeremy	N585 Town Hall Road	Kewaunee, WI 54216
Popp, Herbert	N2916 County Road C	Chilton, WI 53014
Preissner, Pat	W5518 Hwy. 114	Menasha, WI 54952
Radintz, Matt	1970 Cty Rd P	Glenwood City, WI 54013
Rechner, Steven	1922 Harbor Lights Rd	Suamico WI 54173
Roscoe, Kathi	1313 S 11th	Manitowoc, WI 54220
Salseg, Robert	2969 210th Ave	Emerald, WI 54013
Schuster, John R	3238 Hill Rd	Greenleaf, WI 54126
Short, Tom	401 S. Mechanic	Albany, WI 53502
Skaletski, Curt	3232 Wayside Rd.	Greenleaf, WI 54126
Timmerman, Troy	2416 Hill Rd	Cuba City, WI 563807
Van Rossum, Beth	7063 Dickinson Rd	Greenleaf, WI 54126
Van Zeeland, Tom	2680 Buchanan Rd.	Kaukauna, WI 54130
Vanden Boogart, Martin	728 S. Buchanan St.	Little Chute, WI 54140
Voeltz, Scott	2670 Hwy 64	Emerald, WI 54013
Woelfel, Daryn	W2949 Hickory Hills Road	Chilton, WI 53014
Buhl, LouAnn	W1875 Shady Lane	New Holstein, WI 53061
Coenen, Michael	3616 Lark Road	Greenleaf, WI 54126
Danielson, Bruce	W3958 Nursery Rd	Fon du Lac, WI 54937
DeBoer, Luella	2862 210th Ave	Emerald WI 54013
Green, Laurie	N1331 Two Creek Rd	Bonduel, WI 54107
Hallwachs, Krissy	1004 Chrysler Dr	Mishicot, WI 54228
Hettman, Nancy	3055 Lark Rd	Greenleaf, WI 54126
Klar, Paul	CMR 411 Box 4338	US Air Force
Konopacki, Susan	N. 1846 Steiner Rd	Monroe, WI 53566
Lark, Larry J	2427 Park Rd	Greenleaf, WI 54126
McGee, Justin	3116 Cty Rd Q	Clear Lake, WI 54005
Meulemans, Jeremy P	5365 Moonlit Dr	DePere, WI 54115
Mueller, Janey		Two Rivers, WI 54241
Pekarek, Duane	N585 Town Hall Road	Kewaunee, WI 54216
Peotter, Nancy	5706 Big Apple Rd	De Pere, WI 54114
Radloff, Marlene C.	1107 Urban St	Rothschild, WI 54474
Salm, Julie	13026 Cth X	Newton WI 53063

Van Lannen, Travis	6469 Glenmore Rd	Denmark, WI 54208
Vanden Boogart, Luke	617 S. Brooks Street, Apt 3	Madison, WI 53715
Vetting, Jeremy	8530 Pt Creek Rd,	Newton, WI 53063
Westrich, Robert	7088 Cty W	Greenleaf, WI 54126
Abts, Steve	4250 Oak Ridge Circle	De Pere, wi 54115
Ard, Steven	255 North Green Ave	New Richmond, WI 54017
Ashley, Dora	3712 Shirley rd	Depere, WI 54115
Ashley, Marv	3609 School Rd.	DePere, WI 54115
Blakeslee, Pat	17139 CTH R	Maribel, WI 54227
Blauert, Dave	2497 Wayside Rd.	Brillion, WI 54110
Enz, David	6034 Fairview Rd	Denmark WI 54208
Hardtke, Dave	N2334 Lakeshore Rd	Kewaunee, WI 54216
Hettman, Dave	3055 Lark Rd	Greenleaf, WI 54126
Holtomt, Laverne	3162 State Rd 64	Glenwood City, WI 54013
Johnson, Sandy	1893 Wayside Rd.	Greenleaf, WI 54126
Jones, Olivia	E3506 S Apple Tree Ln. Apt B	Waupaca, WI 54981
Korinek, David	1316 Rockledge Rd	Mishicot, WI 54228
Morehouse, Jon	4432 Mill Rd.	Denmark, WI 54208
Otto, Verna	8261 County Road W	Greenleaf, WI 54126
Salm, Steve	3820 Hwy W	Greenleaf, WI 54126
Salseg, Kevin	2969 210th Ave	Emerald, WI 54013
Tymus, Dave	7855 Stone Rd	Greenleaf, WI 54126
Vercauteren, Joanne	3410 Park Rd	Greenleaf, WI 54126
Wagner, Vickie	2546 County Road HH	Cuba City, WI 53807
Wiederholt, Kevin	2185 Hill Rd	Cuba City, WI 53807
Blauert, Andrew	N8202 Cty PP	Brillion, WI 54110
Cavil, Dawn	2838 Otto Ct	Green Bay, WI 54313
Duescher, Raquel	13728 Cty Rd T	Maribel, WIi, 54227
Harmann, Lisa	4544 Mill Rd	Denmark, WI 54208
Hoerth, Penny	4655 Co. Rd. F	Chilton, WI 53014
Jacobson, Wendy	5625 Bellbrook Rd	Brooklyn, WI 53521
Klug, Sherri	7214 Pleasant View Rd	Greenleaf, WI 54126
Mirhashemi, Nancy	1540 River Pines Dr	Green Bay, WI 54311
Montoure, Jill	4439 Indian Trails	Green Bay, WI 54313
Pekarek, Leon	17525 Saxonburg Road	Mishicot, WI 54228
Roffers, Judy	3759 Lark Road	Greenleaf, WI 54126
Rudy, Martin	W3866 County Highway H	Chilton, WI 53014
Strande, Norman W	1846 290th St	Emerald, WI 54013
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April 26th, 2012

Dear Memebers of U.S. House of Representatives Ways and Means Committee,

VENTOWER Industries, a utility-scale wind tower manufacturer based in Monroe, Michigan urges Congress to extend the renewable energy production tax credit (PTC) as quickly as possible.

As a start-up company and the only wind tower manufacturer in Michigan, the PTC is critical to sustaining our momentum and ensuring continued growth. VENTOWER was incorporated in 2008 and made a $25 million dollar investment in Monroe, MI to construct and operate state of the art wind turbine tower manufacturing facility. During construction period which started in March of 2010 and was substatialy completed in August of 2011, the project created over 100 construction jobs, currently employs 48 people and has the potential to staff 160 positions at full capacity.

VENTOWER Industries workforce currently consists of 10% U.S. Armed Service veterans and produced new jobs for 20 unemployed persons. Furthermore, 15 of our employees have been able to significantly improve or completely change their vocation through career training at trade schools, community colleges or universities. Further, 4 of our employees who sought work outside of Michigan due to adverse economic conditions were able to return due to opportunities created by VENTOWER.

With the uncertainty of the PTC's future, our present and pending customers are reluctant to plan both short-term and long-term projects. This undermindes our ability to reach capacity and places our business and existing employees in jeopardy.

On behalf of all of us at VENTOWER strongly urge this committee to take up an extension of the renewable energy production tax credit as soon as possible.

Respectfully,

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Statement of Vermonters for Clean Environment

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select Revenue Measures
April 26, 2012 - Hearing on Certain Expiring Tax Provisions

Comments Submitted for the Record

The undersigned residents and property owners of the State of Vermont respectfully submit these comments in response to the April 26, 2012 Hearing on Certain Expiring Tax Provisions. Our comments are limited to the Production Tax Credit (PTC) for wind energy.

Executive Summary: The PTC is often credited for most of the growth in the wind sector but attributing market activity to the subsidy is overly simplistic and fails to consider other crucial factors driving development. When evaluated against key economic and environment criteria, the cost of the subsidy has proven excessive and the benefits to American taxpayers minimal. If the PTC were to expire, the economics of the industry would shift to States with renewable mandates. Power markets will ultimately confront the real cost of wind energy, and price it accordingly. The overall impact on the industry would be far less severe than proponents claim[1].

Supporting Statements:

High Cost: Since adopted in 1992, the cost of the PTC for wind energy has ballooned from $5 million/year in 1998 to $1.5 billion annually today. The open-ended subsidy of 2.2¢/kWh in after-tax income represents a pre-tax value of approximately 3.7¢/kWh. In many regions of the country the PTC now equals, or is greater than, the wholesale price of power. Even if the PTC were to sunset, taxpayers are still obligated to cover nearly $10 billion in tax credits for wind projects built in the last decade. This is in addition to the $15 billion debt for wind projects eligible under Section 1603 (including anticipated 2012 grants).

Inefficient: Since the PTC is uniform across the country it is highly inefficient, supporting poorly sited development in some areas while in other areas supporting projects that would have been built regardless of the credit. This is true in Texas and the Pacific Northwest where wind capacity exceeds transmission capacity and wind is curtailed[2]. In New England the PTC likely pays more subsidy than is necessary owing to aggressive State mandates. Utilities in New England routinely sign long-term power contracts for wind at prices significantly above market.

Other factors advancing wind development: The industry insists it's at risk of a slow-down without the PTC. This view ignores other crucial factors driving development including state mandates and natural gas prices. It is not possible given available data to identify the extent to which the PTC has contributed to growth in the sector[3]. In fact, demand for wind has eroded recently due, in part, to

[1] Linowes et.al. 2012 Congressional Testimony http://science.house.gov/hearing/subcommittee-investigation-and-oversight-subcommittee-energy-and-environment-%E2%80%93-joint-hearing

[2] Wiser and Bolinger, 2010 *Wind Technologies Market Report*, (2011) vii http://eetd.lbl.gov/ea/ems/reports/lbnl-4820e.pdf

[3] Joint Committee on Taxation, *Present Law And Background Relating To Tax Credits For Electricity Production From Renewable Sources* (2005) 14 https://www.jct.gov/publications.html?func=startdown&id=1579

states meeting their renewable mandates. Lower natural gas prices further reduced wind's attractiveness as a 'fuel saver'. The EIA now forecasts flat growth in the wind sector for this decade regardless of what happens with the PTC[4].

Job losses: Despite billions in public funding the wind sector experienced a net loss of 10,000 direct and indirect jobs in 2010 bringing the total to 75,000[5] jobs. Most of the remaining jobs are temporary construction positions requiring peak levels of development year-after-year to maintain current levels. Attempts to attribute job creation to the PTC must be tempered with corresponding job losses due to higher renewable energy prices. The State of Vermont found that adding just 50 MWs of renewable energy at higher-than-market electricity prices "had the deleterious effects of reshuffling consumer spending and increasing the cost of production for Vermont businesses[6]." Last year, rural electric ratepayers in Minnesota paid more than $70 million in above-market energy prices due to the high cost of wind[7].

Environmental benefits: Wind energy is an unpredictable, variable resource that cannot be relied on to serve load. Its primary benefit is in reducing U.S. electric carbon emissions. According the Navigant[8], a four year extension of the PTC could avoid an incremental 170 million tons of CO2 This "best case" estimate is not predicated on an actual working grid region, but if we accept Navigant's estimate the cost to taxpayers is at least $23/ton CO2[9], ten-times the $1.92/ton market price for offsets in the Northeastern states participating in RGGI! The PTC is a high-priced vehicle for very questionable reductions of CO2 emissions.

Conclusion: The key question is whether the benefits of the PTC for wind are worth the cost. This 20-year old subsidy is expensive, inefficient, has failed to produce net-job increases that are sustainable, and the cost applied per ton of CO2 is more than 10x the market price of carbon under RGGI. The U.S. power market has undergone significant change since the PTC was adopted, including deregulation. It is not possible to isolate the extent to which the PTC contributes to wind sector growth[10]. Without the PTC, project economics would shift to states with RPS policies. The value of renewable credits might rise in response but power markets will ultimately confront the real cost of wind energy, and price it accordingly.

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[4] EIA, *Annual Energy Outlook 2012* (2012) http://www.eia.gov/forecasts/aeo/er/

[5] Wiser and Bolinger v - Note: No independent audits exist to confirm job counts. Since any new job in the electricity sector must contribute to increasing the cost of electricity, this creates economic de-stimulus.

[6] VT DPS, *The Economic Impacts of Vermont Feed in Tariffs* (2009) 12
http://publicservice.vermont.gov/planning/DPS%20White%20Paper%20Feed%20in%20Tariff.pdf

[7] Wall Street Journal *Gouged by the Wind* (May 2012)
http://online.wsj.com/article/SB10001424052702303592404577364244006391420.html?mod=googlenews_wsj

[8] Navigant Consulting, Inc. *Impact of the Production Tax Credit on the U.S. Wind Market* (2011) 38

[9] Navigant provides no detail on how it determined offsets. Study assumes some wind built without the PTC and only looked at incremental benefit over 4 years (2013-16). The cost per offset is potentially higher than $23/ton.

[10] Joint Committee on Taxation 14

Supplemental Sheet

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Vestas

Written Comments for the Record: Hearing for Certain Expiring Tax Credits

House Ways & Means Subcommittee on Select Revenue Measures

April 26, 2012

Thank you for the opportunity to provide written comments for the record on the hearing held in the subcommittee on April 26, 2012, on expiring tax provisions. On behalf of the 3,000 U.S. employees at Vestas, I urge an immediate extension of the renewable energy Production Tax Credit (PTC). Extending the PTC will ensure the continued development of wind energy and the domestic manufacture of wind turbines that will lead to a healthier economic and energy future for America.

Wind energy is a success story of which Congress can be proud. The PTC has been a very effective tool in driving a new energy economy in America. Due largely to the PTC, the wind industry now represents a manufacturing base that employs tens of thousands of U.S. workers in high-wage, high-skill jobs across the country. Predictable, long-term tax and energy policies are critical to the continued growth of wind energy as a low-cost domestic source of electricity in the U.S.

Vestas is the second largest wind turbine manufacturer in the U.S. and the number-one global wind manufacturer, as measured by wind turbines installed. We design, manufacture and supply wind turbines for wind power plants around the world, and are proud to be a significant part of the manufacturing renaissance happening in this country. We do not develop or own wind power plants in North America.

The Vestas parent organization is based in Denmark with a 100-year history of making heavy equipment. Our U.S. headquarters are in Portland, Oregon, and our presence is felt in nearly 40 U.S. states. Our U.S. operations include:

- Four manufacturing facilities producing industrial-scale blades, nacelles and towers
- Three technology research and development facilities
- Servicing more than 4,000 wind turbines at more than 100 wind parks
- 20 construction sites in 11 states in 2012
- Warehouse and repair facilities
- Procurement of supplies and components
- Sales and back-office organization

We have been doing business in the U.S. for more than 30 years, supplying more than 11,000 wind turbines in 26 states. This represents more than 9,600 MW of new, clean, secure domestic energy supply providing enough electricity to power about 2.9 million American homes.

Economic Impact of the PTC

From 2008 to 2011, the U.S. experienced an enormous increase in wind energy development. This three-year window with consistent tax policy in place has been the longest timeframe the industry has ever had to make investment decisions. Investments in wind energy have been between $10 billion to $20 billion per year since 2008.

During this period, there has been a significant increase in domestic wind energy manufacturing capacity, largely due to the stability of the longer-term tax policy regime. Vestas alone constructed four manufacturing facilities and our technology and research centers, and developed our entire supply chain, investing more than $1 billion in the U.S. economy.

Our American manufacturing base not only serves the U.S. market, but also exports products to Canada, Mexico, and Brazil, among other countries. The PTC has helped drive our American export business. With the robust U.S. wind market engendered by the PTC, we were able to size our manufacturing plants where we could support an export market, too.

We are proud to employ more than 1,800 Americans at our Colorado facilities, almost all of whom were hired from 2008 to the present. At full operating capacity, those factories can employ more than 2,500 people. These are skilled-labor positions that pay competitive wages with generous medical and retirement benefits. Without a longer term PTC in place, Vestas will not be able to ramp up these plants to full capacity. Unless conditions change, after completing the manufacture of turbines under order for 2012 delivery, we will have to make tough decisions on whether we can continue to employ the number of people currently working for us in these plants and in other U.S. facilities.

Vestas also creates jobs in rural America. We have more than 800 skilled technicians who provide service for our installed turbines. Our technicians and their families live and work in rural areas where the turbines are typically installed — places that have been hit hard by the economic recession.

Wind energy is a major American industry, maturing into a mainstream energy source. We at Vestas, just like other manufacturers, have brought thousands of new jobs and billions in new investment to America.

Long-term Policy Support Necessary

The development cycle of wind projects begins well before the turbines are installed. Project conceptualization to completion can take two to three years. Wind developers require months to site their projects, negotiate power-purchase agreements and obtain necessary permits. Only when these prerequisites are well in hand do they issue bids for turbines. The turbine bidding and contract negotiation process can take months. Most orders from our customers are placed at least one year in advance of project completion because manufacturers need significant lead time to schedule, acquire and assemble the thousands of component parts needed to build a wind turbine.

We build wind turbines based on orders from our customers, and each order is unique. Once a turbine is built, it must be transported to the site, constructed and tested. Like the construction of any modern power plant, the development of a wind project entails considerable site preparation and earth-moving operations, complex logistics, and heavy construction.

The timeline for project development from turbine order to a wind farm producing electricity is typically 12 to 18 months. That does not include all of the regulatory and siting approvals that developers must secure before completing an order with a turbine manufacturer such as Vestas. For example, the turbines that Vestas and other manufacturers will deliver and install by the end of 2012 were actually ordered in 2010 and 2011.

Vestas has built a supply chain stretching from coast-to-coast. There are more than 8,000 component parts in a wind turbine. Vestas works with more than 90 U.S. components suppliers in 30 states. The domestic content of one class of Vestas wind turbines has grown to 80 percent, and the industry average exceeds 60 percent. This is a huge increase in the past few years and a direct indicator of how many manufacturing jobs have been created in the United States. These companies provide the thousands of component parts needed to construct a wind turbine. For example, a significant amount of the steel in our towers and nacelles is produced in North Carolina steel mills. We purchase lubricants, electrical components, and hydraulics from Texas. Cranes and welded materials are sourced out of Iowa. We recently entered into an agreement to purchase gearboxes from a supplier that has built a new manufacturing facility in Georgia. Each of these suppliers will be directly impacted if the PTC is not extended, and the communities in which they do business will feel the pain of the downturn in business.

Extending the PTC now will allow wind power plant developers to place orders for 2013. Currently, few, if any, 2013 orders are being placed. This impacts not only the manufacturer but the supply chain as well. We order component parts based on the market we anticipate, often before orders are placed. Suppliers require significant lead time to ensure they have produced the parts necessary to meet our customers' needs. When orders slow down due to a looming expiration of the PTC, our suppliers' businesses suffer.

Uncertainty is Halting Investment
Nothing is more unsettling to our business than lack of regulatory and fiscal certainty. Vestas interacts with North American wind developers on a daily basis. Although the PTC does not expire until the end of 2012, the impact is being felt now. We have already heard from some of the largest wind developers that they will significantly reduce — or even stop — placing any new turbine orders until there is certainty the PTC will be extended beyond 2012. Some of these developers, including the largest in North America, NextEra, have announced their decision not to invest in wind energy in the U.S. through public filings with the Securities and Exchange Commission and in discussions with the investment community. They are turning their wind energy investment dollars to other countries around the globe.

The looming expiration of the PTC forces companies to make hard decisions today. In anticipation of fewer domestic installations, we have already seen layoffs by wind power plant developers and the supply chain. Unless an extension is approved quickly, there will be more. A report released on December 12, 2011, by Navigant Consulting, a respected non-partisan consulting firm, estimates 37,000 domestic jobs could be lost if the PTC is not extended. That is a significant number, and many communities across the country would be impacted. An immediate extension of the PTC would alleviate companies from having to make difficult decisions to terminate employees, and would instead allow those companies to focus on driving new investments and creating new jobs.

The PTC has always enjoyed bipartisan support, similar to many other tax credits that have incentivized the development of energy technologies. We sometimes get caught up in political discussions about various forms of energy. Extending the PTC is not about green, or red or blue, for that matter. It is about American manufacturing, American jobs and investing in American energy. If you truly believe in an "all of the above" energy strategy for America, then we must extend the PTC and continue to tap wind energy, one of our most abundant domestic resources along with other renewable and traditional energy assets.

Jon Chase
Vice President, Government Relations
Vestas-American Wind Technology, Inc.
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Statement of Viejas Band of Kumeyaay Indians

E-mail to waysandmeans.submissions@mail.house.gov . Submit following as a Word document, including address, phone number, email address

The Honorable Dave Camp, Chairman
Ways and Means Committee
U.S. House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

Subject: April 26, 2012, Hearing on Certain Expiring Tax Provisions: extension of the wind energy production tax credit (WEPTC). Submitted testimony of the Viejas Band of Kumeyaay Indians, Hon. Anthony Pico, Chairman; P.O. Box 908, Alpine, CA 91903; tel. 619-445-3810, www.viejas.com

Dear Chairman Camp:

On behalf of the Viejas Band of Kumeyaay Indians, I want to urge your committee not to approve extension of the wind energy production tax credit (WEPTC) until and unless the wind energy industry and the executive branch guarantee that in planning, financing, and approving wind energy projects they will ensure that:

a. The environmental impacts of such projects are fully and thoughtfully considered, in accord with federal laws, regulations, and executive orders including but not limited to the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA) and the American Indian Religious Freedom Act (AIRFA);
b. Proposals and plans for such projects are subjected to government-to-government consultation with federally recognized Indian tribes before their locations are selected and they are decided upon; and
c. In such consideration and consultation, a full and reasonable range of alternatives to particular proposed projects is realistically and thoroughly assessed.

If you ask them, the industry and the agencies will undoubtedly tell you that they already ensure such things, but in our experience with the proposed Ocotillo Wind Energy Facility (OWEF) and similar projects on federal public lands in the Southern California desert, this is simply not true. The agencies, ostensibly acting with the encouragement of the White House, are putting approval of wind (and solar) energy projects on a "fast track" that short-circuits and environmental impact assessment and consultation with tribes and short-changes communities directly affected by the industrial turbines.

Our Tribe and others support the development of clean energy, but not at the expense of our treasured natural and cultural environment. The OWEF, to provide one example, will if carried out, devastate a desert landscape of great cultural and spiritual significance to us, which is full of sites containing the bones of our ancestors and our ceremonial places. Yet the project sponsor and the Bureau of Land Management (BLM) have prepared an environmental impact statement (EIS) under NEPA that treats our ancestral sites as mere objects of archaeological interest that can be "avoided" by not constructing wind turbines directly on them. The same EIS gives no serious consideration to a range of realistic alternatives, and effectively ignores our critical comments and defers important studies and reports until after the final siting and planning decisions are made – the very decisions such studies and reports are supposed to inform. Meanwhile BLM has initiated "consultation" under NHPA by putting a pre-developed agreement in front of us and expecting us to sign it. This agreement, too, treats our spiritual and ancestral places as mere collections of artifacts interesting to archaeologists.

This sort of behavior is deeply insulting to us, and the results threaten the whole cultural identity of the Kumeyaay, Quechan and Cocopah Peoples. It is also wasteful of time and money, and delays clean energy development rather than facilitating it. Unfortunately, the OWEF is not an isolated example; BLM is fast-tracking the review and approval of wind and solar projects throughout the desert where we and other tribes have lived since time out of mind, and their performance in each case resembles what we are now experiencing with the OWEF.

Again, in principle we support the development of clean energy, and would be pleased to participate in a real consultation about alternative ways to provide it, but we are not prepared to sacrifice our religious practices, cultural identity and ancestors' remains which the United States is asking us to do. Why destroy in less than one generation what took thousands of years to create? The BLM and DOI are expected to issue a decision to approve the project this week, so that the Treasury subsidies can vest this year. The use of federal money to destroy our culture is not acceptable to my People.

We urge you not to extend tax credits to wind energy projects until the industry and the executive branch commit to real environmental impact review, real consideration of alternatives, and real tribal consultation.

Please contact me if you would like me to speak more with you and your Committee about this issue. I may be reached at 619-659-2323.

Sincerely,

Anthony R. Pico, Chairman
Viejas Band of Kumeyaay Indians

Cc:

Tribal Leaders
Senator Barbara Boxer
Senator Diane Feinstein
Congressman Duncan Hunter
Congressman Brian Bilbray
Congressman Bob Filner
Secretary Ken Salazar, Department of Interior
Bob Abbey, Director BLM
Jim Kenna, State Director, BLM (California)
Margaret Goodro, BLM Field Manager, BLM El Centro
Angelina Havens, County of Imperial

VINCENT C. GRAY
MAYOR

The Honorable Pat Tiberi
Chairman
U.S. House of Representatives
Ways and Means Subcommittee
on Select Revenue Measures
1101 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Tiberi:

Thank you for your interest in ensuring that American businesses and taxpayers have a tax code that helps to promote their commercial activities. Your commitment to this issue has truly made a difference and it does not go unappreciated.

The District of Columbia Enterprise Zone has increased employment, diversified the tax base, and enhanced the long-term fiscal health of our nation's capital. It is a vital tool to encouraging economic development in the District of Columbia and I urge you to extend the program as quickly as possible.

The District of Columbia Revitalization Act of 1997 (Act) authorized certain federal tax expenditures to encourage private investment in businesses and residents within the Enterprise Zone. Today, I can report that the availability of these tools has made a significant difference:

- Zero percent capital gains treatment of investment earnings has helped to attract major new commercial initiatives, and development to major corridors in the District;
- The $5,000 first-time homebuyer tax credit has helped boost District home sales dramatically, with single family home sales rising by several thousand units;
- Enterprise Zone employer tax credits have created a business environment that has helped to attract and retain thousands of District jobs and increase business profitability;
- $156 million of Enterprise Zone bond proceeds have leveraged approximately a billion dollars of private investment capital and generated thousands of District jobs; and

- More than $700 million of bonds has been issued to finance a dozen elementary and secondary schools, including traditional and public charter schools.

Put simply, the District of Columbia Enterprise Zone has been a consistent and continued success. I greatly appreciate your support on this issue and urge you to ensure that Congress takes prompt and favorable action on this critical initiative.

Sincerely,

Vincent C. Gray

Vincent C. Gray
Mayor

CC: The Honorable Richard Neal, Ranking Member
The Honorable Eleanor Holmes Norton, Delegate

Statement of Warren Blesch

Name: Warren Blesh
Organization :Rancher in Texas
Address: 190 CR 313 Goldthwaite, Texas 76844
Phone Number: 325.451.0810
Contact E-mail Address: warren@porterins.com

Title of Hearing: Hearing on Certain Expiring Tax Provisions (PTC)

I live in a town of 1800 in rural Texas. After the droughts and high cost of feeds, we need our local wind project to not be canceled. The project is will not be built without an extension of the PTC.

The project will bring jobs to our area for construction filling hotels and restaurants. The royalties will be spent many times over fueling our community.

Please extend this for at least 2 years.

Warren Blesh
RRR Ranch

Statement of Wharf and Dock Builders, Pile Drivers, and Divers Local Union #454

April 25, 2012

Contact Information

Of Sender

I. Name of Organization:
Local Union #454, The Wharf and Dock Builders, Pile Drivers and Divers, of the Metropolitan Regional Council of Philadelphia and Vicinity, of the United Brotherhood of Carpenters and Joiners of America

II. Address:
1803 Spring Garden Street, Philadelphia PA, 19130

II. Name and Title of Sender:
David Roncinske, Council Representative

III. Personal Contact information of Sender:
Cell: 267-481-4692
Office: 215-569-1632
Fax: 215-569-2595

April 25, 2012

United States House of Representatives
Committee on Ways and Means

To all Representatives:

RE: THE EXTENSION OF THE WIND ENERGY TAX PRODUCTION CREDIT

My name is David Roncinske. I am representative of the Wharf and Dock Builders, Pile Drivers, and Divers Local Union #454 of the Metropolitan Regional Council of Philadelphia and Vicinity (MRC), of the United Brotherhood of Carpenters and Joiners of America (UBC&JA).

I am writing on behalf of our members and signatory contractors, who serve every aspect of the heavy foundation, marine construction, and commercial dive markets throughout Pennsylvania, New Jersey, Delaware, and Maryland to ask that you support, and vote in favor of extending the Wind Energy Production Tax Credit before the Ways and Means Committee, of the U.S. House of Representatives for the following reasons:

Economic Benefits and Job Creation

1. The development of wind power will provide jobs that pay a livable wage with medical benefits and a retirement with dignity. Working in the wind industry from construction, to engineering and design, to the manufacture of wind related components all require a high level of skill and education, in order to attract people who meet these requirements they will have to be paid a livable wage with benefits. This is in contrast to the service industry, which is based on paying people the least, with no benefits, and employing them on a part time basis.
2. Over all the DOE estimates that both land and offshore wind based power will support 500,000 jobs by 2030.
3. The US DOE estimates that by 2030, the development of 54,000MW of offshore wind projects in the US could create 43,000 permanent operations with the associated maintenance jobs, and approximately 20.7 direct jobs per annual MW.
4. The proof of this economic assessment can be seen in the success of the land based wind industry which has created 75,000 jobs across 43 states.
5. Developing wind power projects, in particular, offshore projects, will not only help the thousands of Americans across the country who are employed in the manufacture of wind power components to keep their jobs now, but it will help thousands more US citizens in acquiring a job somewhere in the wind powered industry.
6. Offshore wind power projects are being pursued up and down the coast throughout the North East, these projects will create thousands of high quality jobs in design, engineering, manufacture, maintenance, and transportation. All of which will lead to new construction projects requiring the services of our signatory contractors who will employ our members.
7. By developing wind power, the U.S. will be able to reduce the importing of fossil fuels used to power the U.S. economy from foreign sources, and regain all the revenue associated with the domestic production of wind power here in the U.S such as, property taxes, wage taxes, and sales taxes.

8. Offshore and land based wind power operations offers the areas like the North East and the Midwest a chance to replace jobs lost to out sourcing and globalization. As it will be much more efficient and cost effective, to serve a domestic wind power industry with domestic support operations.
9. China is a fossil fuel poor nation, it generates the bulk of its electric power from imported coal and diesel used to run dirty power generators. China realizes that its reliance on imported fossil fuel is going to slow their economic growth by increasing production costs, and by hampering their work force through health related problems. China seeks to build 30,000MW of installed wind power in order to reduce their dependence on fossil fuel, and alleviate the health problems associated with fossil fuel fired electric plants by 2020.
10. There is great potential for the exporting of US made wind power components to China, as the US currently enjoys a technological advantage over China in production of these components. The Chinese will be a major consumer of wind generated electricity; this is an opportunity to reverse one element of the trade imbalance between our two nations. The U.S. can be a growing base for the manufacturing of wind power components exported to China.
11. The U.S offers what the Wind industry needs, a surplus of highly skilled workers, an excellent education infrastructure, a strategically advantageous area to manufacture, assemble, and transport wind power components to the project locations here and abroad.

Power Production and Environmental Benefits

1. The US National Renewable Energy Laboratory estimates that the potential for offshore wind power in the US is four times greater than all current national generating capacity.
2. Offshore wind is ideally suited to meet the power consumption needs of the great lakes and US coastal cities which account for 78% of US power consumption.
3. The winds that power offshore wind turbines are at their peak during the day when consumption needs are at their greatest.
4. Wind power can and will provide the long term power production in areas like the North East that have an ever growing need for electricity at stable prices not subject to price increases due to situations beyond our Nations control.
5. Wind power has zero fuel costs; utilities can purchase power at stable rates for terms of 20 years or better without being subject to volatile fuel price increases.
6. When new land based wind power operations have been in operation for one year there will be a corresponding reduction in greenhouse gas emissions in the amount of 70 million metric tons of CO_2, this is equivalent to removing 12 million cars from operation and or reducing US power generation emission by 3%.
7. Wind power operations will provide clean electric power to US Urban centers plagued by poor air quality that has been shown to cause cardiovascular and respiratory problems in otherwise healthy people.
8. In Europe, offshore wind started off the coast of Denmark in 1991, today the Europeans have installed 4,000MW, enough power to keep the lights on in 1.3 million homes here in the US. By 2020 the Europeans expect to install 40,000MW of off shore wind, enough to power 13 million US homes at a cost of 10.76 Billion dollars a year.

Cost Comparison

1. **Nuclear Power** is exceedingly expensive. One Nuclear reactor producing 1600MW of power will cost an estimated, plus or minus, $12 Billion dollars and take over a decade to build. All construction cost estimates are exceeded as they can never accurately take into account the future

increase in the price of steel, copper, concrete, labor, etc. Excessive cost over runs are a certainty, not a possibility. Nuclear reactors generate waste with no place to store it long term, as Yuca Mountain, the intended waste disposal site, remains unfinished, with no anticipated restart date. As a result Nuclear power facilities have had to become radioactive waste storage facilities, something they were never intended to be. Storing nuclear waste on site is a significant, yet unanticipated cost and safety risk. The accident at the Fukeshima nuclear power plant in Japan has resulted in new safety compliance requirements that will add new and additional cost increases to the already pre-existing ones. Producing electricity via nuclear power will continue to increase over time. Nuclear Power is not a cheap alternative.

2. **Fossil Fuel:**

I Crude Oil:

Crude Oil, which all petrochemical products are derived from are subject to price increases due to events beyond our Nations control, price manipulation by domestic and international oil speculators, and an ever increasing global demand for oil related products. Does anyone think that there will be peace in the Middle East in the next five years, let alone ever? Will the fossil fuel consumption needs of China and India be decreasing, or increasing?

II Gasoline:

Gasoline is not cheap now, it is becoming unaffordable for many as demand always out strips supply resulting in inflated prices. In the case of domestic gasoline prices, the price remains high when it should be lower because any surplus is shipped overseas where the price is higher, thereby eliminating any potential savings to the domestic gasoline consumer. Today our nation exports more refined Gasoline than it ever has in our Nation's history.

II Diesel:

The price of Diesel used as home heating fuel is currently priced throughout the North East on average at $3.95 a gallon. This is far from cheap especially in light of the fact that we have had one of the warmest winters on record. What will the price of Home Heating Fuel be in a real winter two years from now, $6.00 per gallon? The price of Diesel fuel for transportation consumption, as of three days ago ranges from just under four dollars to well over that amount. Many expect Diesel to rise in price to $5.00 per gallon

II Natural Gas:

The price of natural gas is cheap right now, but it won't last long for two reasons:

1. Fracking is the new technology that is opening up vast stores of Natural Gas that were once beyond reach. Fracking as a technology may not turn out to be an environmentally safe means of natural gas extraction. There are significant health related concerns associated with the process of Fracking such as polluted water tables, and the increased potential for earth quakes in areas where Fracking is taking place. This could adversely affect the approved use of Fracking as a means of natural gas extraction resulting in future supply estimates not making it to the market.
2. Cheap natural gas can be exported to where it's not cheap, just like other fossil fuel based products to Europe, or Japan. When prices of any commodity are cheap their use only increases and therefore the price will eventually rise until parity is reached. Right now the majority of new electric generating plants under development and or construction, are to be powered using natural gas. When all of these plants come on line how cheap will natural gas be then? It sure won't be as cheap as it is today. As cheap as natural gas is on the whole sale market what discount will reach the customer? You can bet it won't be big one.

III Oil and Gas Subsidies:

The oil and gas industry has enjoyed tax breaks and subsidies from the beginning days of this industry and looks forward to enjoying these same benefits far into the future. Putting an exact figure on the cost of these tax breaks and subsidies is hard to do, some estimate the dollar figure as low $4 billion dollars per year, while some estimate the costs as high as $72 billion dollars. Considering that companies like Exxon Mobil, the largest publicly traded oil and gas company in the world, netted, not grossed, $9.2 billion dollars in the last quarter there should be no tax breaks or subsidies for these companies in light of what they earn at the consumers expense. The important thing to remember about subsidies and tax breaks is that the recipient of said benefits may not pay the bill but someone else will, and in this case it's the American consumer who is paying more for fossil fuel products today than ever before in the past, prices for gasoline are up 80% over the last two years alone.

Fossil Fuels are overpriced today, and will remain over priced from here forward. Fossil Fuels were a cheap source of power until everyone else started using them, in particular China and India, and neither country is going to cut their rate of consumption back in order to benefit the American consumer. Fossil fuels are not cheap now, and will not be cheap in the future.

IV Wind Power is the cheapest, most stable, and cleanest form of power that can be utilized to meet the United States growing power needs for the following reasons:

1. Power from Wind generation can't be shipped overseas.
2. Wind Power production costs will decrease over time as component costs drop, become more efficient, and the use of larger turbines will yield more power.
3. Wind power is not subject to price increases due to events beyond our Nation's control. The price of fossil fuels will always rise over the long term but the price of wind power will decrease.
4. Wind power projects and the development of a Wind Powered Industry will help replace the jobs lost when companies like Sunoco, and ConocoPhillips closed their refineries in New Jersey and Pennsylvania, resulting in the loss of hundreds of direct jobs, thousands of industry related service jobs, along with all of the associated taxes. These lost jobs provided sustainable wages with benefits, and an opportunity to retire. Wind Power projects and a Wind Powered Industry can offset this loss in jobs and tax dollars.
5. Wind Power can produce clean electricity to be utilized in electric cars that then could be charged and driven cheaply throughout the North East. Electric cars are currently not a viable option because they derive the power from conventional sources. But with the development of offshore wind power electric cars could be charged on purely renewable power thereby reducing our dependence on gasoline for the first time since gasoline was used to power some of the first cars.

CONCLUSION

Will the development of offshore wind power be expensive? Yes. Is the increased cost worth it? Yes. Why is offshore wind worth supporting? Because it is the only large scale and viable means of power production that can do what people have been saying is necessary for thirty years; reduce our needs on fossil fuel which is neither cheap, nor renewable. Will wind power generated electricity be cheaper in the future? Yes. Wind power will be utilized here and abroad on an ever increasing basis, this will lead to a reduction in production costs and a corresponding reduction in the cost to produce electricity.

Our economy has been shedding quality jobs for far too long; the wind industry can reverse this trend. Our nation has relied on fossil and nuclear fuel for the production of our electric power needs for a long time; it is now time for a change. Nuclear and fossil fuels have a place in our energy production portfolio, but it is time that this energy production portfolio evolve in recognition of what off shore wind power offers, clean, stable, renewable, utility scale power production under our control, not Wall Streets, or that of foreign events beyond our control.

Fossil fuel producers have enjoyed subsidies that average U.S. citizens have paid for, for almost a century. Have we been rewarded with cheap prices at the pump, good jobs in local refineries, low home heating fuel prices? The answer is no, we have not been rewarded with any such benefits. Local refineries on both sides of the Delaware River have been shut down. Gas prices are up, home heating fuel prices are up, surpluses are shipped overseas, and on top of that U.S. citizens who haven't seen a wage increase while with ever higher medical insurance costs continue to pick up the tab for tax breaks and subsidies for the Oil and Gas industry, the most profitable industry on earth.
Our members and their signatory employers support the extension of the Wind Power Production Tax Credit in the effort to develop wind power, its time has come. Please Vote Yes to extend the Wind Power Production Tax Credit.

Dennis Szumski

David Roncinske

Dennis Szumski

David Roncinske

Council Representative
Local Union 454

Council Representative
Local Union 454

CC: Ed Coryell, EST of the MRC, Philadelphia

REFERENCES:

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WHITE COUNTY
Economic Development

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P: 574.583.6557 / F: 574.583.6230
ledo@whitecountyindiana.us

RE: Hearing on Certain Expiring Tax Provisions

I, Connie Neininger, the economic development director for White County, Indiana, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Indiana is a state that is fairly new to wind development, but we already have over 1,300 MW of wind energy in production today, with the potential for even more across the northern half of our state. Unfortunately, we have already watched wind projects be curtailed due to the uncertainty of the PTC. Our wind farms are employing local people and benefiting all residents with lower taxes due to the increased assessed valuation in our county.

Energy production from wind helps more than just the wind developer, it helps the whole community. The earlier the PTC is extended, the more chance of investments being made in rural communities . . . the heart of America. Wind development preserves our farmland with sustainable energy and sustainable agriculture.

The PTC drives billions of dollars in private investment in homegrown American wind power each year. I have seen the wind farm in White County revitalize our community – bringing in construction jobs at first, maintenance jobs in the long term, and generating revenue for our local schools and hospitals. Increasing the amount of power that our country gets from clean, homegrown, affordable resources is an excellent way for us to decrease our dependence on foreign oils – and ensure that jobs, from wind technicians to manufacturing wind components, will continue to support our families.

I urge the committee to take up an extension of the wind energy production tax credit at the earliest opportunity. Thank you for your consideration.

Sincerely,

Connie M. Neininger
Economic Development Director

White County Economic Development Organization
PO Box 1031, Monticello, IN 47960
PH: 574-583-6557
EMAIL: ledo@whitecountyindiana.us

Statement of Whitley County Community Foundation

Name: September McConnell, Executive Director
Organization: Whitley County Community Foundation, Inc.
Address: 400 N. Whitley Street, Columbia City, IN 46725
Phone: 260-244-5224
Contact e-mail: sepwccf@gmail.com
Title of Hearing: Hearing on tax extenders held by the House Ways and Means Subcommittee on Select Revenue Measures

On behalf of the citizens of Whitley County, Indiana, I urge you to approve the immediate reinstatement of the expired charitable giving incentives which allow organizations such as our Community Foundation to assist individuals (through scholarships) and non-profit charitable organizations serving our community.

Within the past month I was contacted by a potential donor who was interested in establishing a nursing scholarship for students from our community via the Charitable IRA Rollover. She was disappointed and frustrated to know that the IRA Rollover is not currently available and the gift has been put on hold. Worthy, deserving students are currently being deprived financial assistance due to the fact that this provision is unavailable. While this is but a small example of a situation in Whitley County, I am confident there are a myriad of other gifts that could be working for the good of communities throughout the country if these provisions would be reinstated.

To Ways and Means Committee April 25, 2012

Wildlife Acoustics, a leading manufacturer of bioacoustics recording equipment used in site surveys for wind farms, based in Concord, MA urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

Our growing and profitable company designs, manufactures and supports products in the United States. The wind energy market represents a growing market segment contributing to the addition of staff and manufacturing jobs in the United States. With the uncertainty of the PTC's future, we are concerned about the financial impact to the company, how this will affect future growth and employment headcount, and the loss of up to $3M in potential revenue should the PTC extension fail. We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Thank you for this consideration

--Mona

Mona Doss, Director of Sales and Marketing
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Statement of Wind Clean Corp

Tim Manley
Wind Clean Corp
200 Airport Road
Coleman, TX 76834

325-625-1899 (work)
timmanley@windcleancorp.com – work email

Hearing on Certain Expiring Tax Provisions

I, Tim Manley, am one of three partners who own and operate Wind Clean Corp, a company that provides coatings and assembly of wind towers, the final step in the production process for wind tower sections, prior to being shipped to the site for erection. Our company has been in business since 2001. We currently employ approximately 80 employees but have employed as many as 150. We have seen the dramatic ebb and flow that the expiration and renewal of the PTC has caused over these past 11 years, as evidenced by our fluctuation in employees. The best thing the government can do to create jobs is to continue to invest, via the PTC, in the wind industry. A three year extension of the PTC will allow our investment in this industry to grow and generate more jobs for our nation and our community. It will enable our company, and companies like ours in this industry, to do long term planning and investing, which is critical for success in any industry.

Coleman, Texas, is a perfect example of a poor Texas rural community. The population is about 5,000 people with only about 9,000 in the whole county. Our company provides good paying jobs, with good benefits, including health insurance, for this community. The more jobs we provide the greater positive impact to the Coleman community and its citizens. Wind Clean has a strong commitment to the community, providing jobs and supporting civic and charitable organizations with donations and volunteers, so that we can have a direct impact on improving the quality of life in Coleman County. This is what American small business does best. We simply want our government to give us the best opportunity for success.

I respectfully urge Congress to get this one right and extend the PTC for the wind industry for another three years. Once this extension is completed, I believe the industry should be able to sustain itself without subsidies in the future. Yes, this will be an expense in the federal budget. But the tax revenue and jobs created by the growth in our industry will more than offset this cost. More importantly, the positive impact will continue on well past the expiration of the PTC in 2015.

The wind industry is a key component in a sustainable long term energy policy that the United States badly needs. All forms of energy generation have a place in this policy. Our goal should be complete energy independence. This will require more oil and gas exploration as well as development of renewable energy industries. This is what the American people need and want, now and in the future, for generations to come.

I appreciate the opportunity to present my input to this hearing. I sincerely hope my voice is heard, for the sake of the Coleman community and this country.

God Bless America!

Respectfully,

Tim Manley
VP/Owner
Wind Clean Corp

Statement of Wind Energy America, Inc.

Wind Energy America, Inc., a leading wind project developer based in Eden Prairie, MN urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

We are a small business, and are being directly affected by the delay, as it takes many years to develop one of these projects. Congress should not wait to extend the credit until just before or after it expires.

With the uncertainty of the PTC's future, we are reluctantly winding down a significant portion of our US wind development activity and instead are planning layoffs. This will result in the loss of millions of dollars of new investment, construction jobs, tax dollars and community benefits in the US, as a direct result of Congress' delay in passing a timely extension of the PTC.

We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Brian Hill
Chief Development Officer
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WINDPARTNERS FINANCE

The expertise to get your wind project built

900 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
612-371-2040
www.windpf.com

May 10, 2012

The Honorable Dave Camp
Chairman
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Sander M. Levin
Ranking Member
House Committee on Ways and Means
1139E Longworth House Office Building
Washington, DC 20515

I, Ken Valley and President of WPF, has been actively involved in the wind industry since 2001. Due to the ITC and ITC 1603 (combined as ITC) that was put in place in 2009, the distributed wind generation industry has grown substantially over the past couple of years and is often able to compete with larger projects.

Now with the possible expiration of the ITC programs and no replacement mechanism in place, the distributed generation is about to die completely, especially in the 100kw - 10 MW sized projects. The <u>only</u> way to stabilize the industry is to pass a long term ITC program. The ITC is needed since the PTC does not work for smaller projects. When projects get above 10 MW's, then the PTC can more likely be used.

The advent of the ITC and especially the 1603 Cash Grant has made a substantial economic difference. Projects finally are able to bring in investors to finance the millions of dollars needed for each project. Local investors help drive localized employment and economic benefits. The millions of dollars invested in the local community create more localized labor and retail jobs. The projects themselves create income for landowners, and property tax revenue for the community and schools in excess of 20 - 40 years. The pre-development costs create local jobs which can be several years before projects qualify for the ITC. Unfortunately because of the forthcoming expiration, and the difficulties working with local utilities, there is now very little new development happening in the distributed generation market. Thus it is imperative that the ITC for smaller projects get extended.

The improved efficiency of the wind turbines themselves has dramatically improved the turbine performance which has had a positive impact on distributed generation growth and cost effectiveness. This improvement is partially due to the ITC since provided a clearer path for the industry growth. The ITC extension will enable manufacturers to continue to make the needed investments to improve performance since they need to see a stable market to justify the investment expense. It is conceivable that with the ITC extension and continuing turbine efficiency improvements, and as Natural gas prices increase in the near future, wind will be the low cost electricity provider without the use of tax credits, likely within five years.

The renewing of the ITC for renewable energy is also a matter of parity and fairness. The government subsidizes every form of energy in this country and to not provide renewable energy a portion of the same benefits is just plain wrong. All the industry is asking for are benefits that are somewhat close to what the oil and gas industry receive from their non-expiring tax credits, and which in turn also helps the environment. The other option is to discontinue the billions of dollars of benefits that oil and gas receive from the government which would make the playing field fair.

An example of activity is WPF is working with two Fortune 500 companies that have a sustainability requirement and are seriously looking at producing their own renewable energy electricity. We can provide electricity lower than their current electricity rates. But, the companies will not move these projects forward without a break-even return on their investment which can only happen with the ITC.

I appreciate your reading this letter and any assistance for the ITC extension. Feel free to call me if any questions.

Ken Valley
President
WindPartners Finance, LLC
900 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
612-371-2040

Statement of WindGuard North America, Inc.

Dear Ladies and Gentlemen:

WindGuard North America, Inc., a leading wind consultant based in Springfield, Virginia, urges Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

WindGuard provides its clients engineering services of the highest standards in all areas of wind energy utilization. With the PTC's future being so uncertain, our corporate headquarters in Germany is seriously considering closing its US office and instead of investing about $2 million in further services and possibly a wind tunnel here, funding, services and staff resources remain in Europe. This will result in the loss of new investment, jobs, tax dollars and industry benefits shifting away from the US, as a direct result of Congress' delay in passing a timely extension of the PTC.

We strongly urge this committee to immediately take up an extension of the wind energy production tax credit.

Thank you very much for your time and especially your consideration.

Cordially,
Martin Schmidt-Bremer Jr.

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WINDOW & DOOR MANUFACTURERS ASSOCIATION
WDMA

Statement of the Residential Energy Efficient Tax Credit Industry Coalition

before the

Subcommittee on Select Revenue Measures

Committee on Ways and Means
United States House of Representatives

on

"Member Proposals Related to Certain Tax Provisions That Either Expired in 2011 or Will Expire in 2012"

April 26, 2012

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The Window and Door Manufacturers Association (WDMA) would like to thank Chairman Tiberi, Ranking Member Neal and the members of the Subcommittee for the opportunity to provide this statement regarding the residential energy efficiency (25C) tax credit and the vital role it has played in increasing energy efficiency and creating jobs.

Founded in 1927, WDMA is the premier trade association representing the leading manufacturers of residential and commercial window, door and skylight products for the domestic and export markets. WDMA members are focused on Total Product Performance™ products that are designed and built to performance-based standards. WDMA members are leading America's efforts to develop and utilize energy efficient windows, doors and skylights for both new and replacement construction.

We applaud the Subcommittee's examination of tax provisions that expired in 2011 and will expire in 2012. Our testimony will comment in general on the goals of energy efficiency in buildings and specifically on the importance of the 25C tax credit to attaining the dual objectives of saving energy and spurring investment in U.S. job creation.

Meeting Our Nation's Energy Goals Through Window, Door and Skylight Replacement
Much has been said and written about reducing the nation's reliance on foreign oil and investing in renewable energy technologies—both important goals—but not as much attention has been paid to the impact that improving the energy efficiency of existing buildings could have on reducing energy consumption, and, as a result, reducing our dependence on foreign oil and other fossil fuels.

Residential and commercial buildings account for 41 percent of all energy use in the United States (U.S.), while U.S. buildings alone accounted for 7.4 percent of global energy consumption in 2008.[1] Significantly contributing to that energy consumption is the stock of nearly a billion single-pane windows still in use in residential buildings alone. As the California Energy Commission notes, the amount of energy lost each year through inefficient windows and doors is equivalent to the amount of oil the nation receives from the Alaska pipeline.[2]

Any national energy tax policy needs to make replacing inefficient windows and doors a high priority if we are to make improvements in the overall efficiency of our nation's residential and commercial building stock.

The Residential Energy Efficiency (25C) Tax Credit
Enacted as part of the Energy Policy Act of 2005, the original purpose of the Residential Energy Efficient Tax Credit (Internal Revenue Code Section 25C) was to save energy. However, in recent years, the 25C incentives have achieved two compelling national goals:

- Saving energy by making energy efficient home improvements more affordable for a wide spectrum of the American public; and

[1] 2012 Building Energy Data Book, U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy
[2] "Today's Windows," California Energy Commission, Consumer Energy Center, www.consumerenergycenter.org

- Saving thousands of U.S. manufacturing and construction jobs.

We believe that a properly focused residential tax credit can efficiently and effectively spur private investment in energy saving measures. While niche populations utilize other tax credits, the 25C tax credit is broad-based. By all accounts, it was hugely popular with the American homeowner, particularly the middle class, in 2009 and 2010. Internal Revenue Service (IRS) preliminary data for 2009 shows taxpayers with adjusted gross income of under $100,000 claimed two-thirds of the credit.[3]

Also known as the Nonbusiness Energy Property Credit, 25C provides a credit to homeowners who make qualified energy efficiency improvements, including windows, doors and skylights, to an existing residence. In 2009 and 2010, the credit was increased to 30 percent of the cost of improvements up to $1,500. For 2011, the 25C credit was reduced to 10 percent of the cost of improvements up to $200 for windows and skylights and $500 for exterior doors. The 25C tax credit expired at the end of 2011. Many of the products that qualified for the 25C tax credit, including windows, doors and skylights, are manufactured—and later installed—in America, unlike alternative energy sources that have benefited from other federal incentives.

The nation's housing industry is slowly recovering from a prolonged slump, which has had a profound impact on the window, door and skylight industry. Residential window sales for new construction dropped 65 percent from 34.1 million units in 2005 to just 11.9 million units in 2010.[4] This has resulted in over a one-third decline in employment in our industry since 2005.[5] Further, private residential investment remained near record low levels at 2.5 percent of gross domestic product for the fourth quarter of 2011—in comparison to its historic average of approximately 5 percent.[6]

As a result, there has been a demonstrable shift in the last few years to the remodeling and retrofit market for the window, door and skylight industry, spurred in part by the 25C tax credit. The 25C tax credit in effect for 2009 and 2010 was tremendously successful in supporting the industry and its workers during the worst housing downturn since World War II. The tax credit can be directly tied in our industry to the preservation and creation of American jobs and keeping plants and production lines open.

This shift to the remodeling and retrofit market is evident in comparison to new home sales over the past five years. While total remodeling activity declined somewhat, it certainly weathered the economic downturn much better than new home construction, in large part due to the increased 25C energy tax incentives Congress enacted in 2009.

The following chart courtesy of the National Association of Home Builders (NAHB) plots new home sales (left axis) and total remodeling expenditures (right axis). The data indicates that remodeling expenditures fared better over the 2008 through 2011 period than new home sales.

[3] Individual Tax Returns Preliminary Data, 2009, Statistics of Income Bulletin, Winter 2011. Michael Parrisi
[4] AAMA/WDMA U.S. Industry Statistical Review and Forecast, 2010
[5] U.S. Bureau of Labor Statistics data
[6] U.S. Bureau of Economic Analysis data

The tax credit program provided a floor on remodeling activity, which has declined only 32 percent since its peak compared to 76 percent for new home sales.

Economic Impact of the Residential Energy Efficient Tax Credit

Using the 2009 IRS tax data, the net economic impacts of the 25C tax credit programs from a remodeling perspective are significant (setting aside the long-run energy efficiency benefits for homeowners).

- For tax year 2009, IRS data indicates $25.1 billion of remodeling expenses in connection with the section 25C tax credit
- NAHB estimates that this level of remodeling activity was associated with 278,610 full-time jobs
  - 135,540 of these jobs were in the construction and remodeling sectors
- Homeowners received a tax benefit of $5.17 billion from the 25C credit
- 93 percent of taxpayers claiming the energy credit had adjusted gross income of $200,000 or less

The 25C credit is claimed on the same tax form (5695) as a similar remodeling credit, the section 25D credit, which provides a nonrefundable 30 percent tax credit to consumers for the purchase and installation of certain power production property for a home. Typical uses include solar, geothermal, fuel cells, and small wind energy. The credit is uncapped, meaning that all qualified expenses may be claimed. Labor costs are eligible, and unlike section 25C, the section 25D credit can be claimed against the AMT.[7]

The map below tracks the number of taxpayers in each state that claimed either or both the 25C and 25D tax credit, although NAHB estimates that nearly 90 percent of claims were 25C related. Intuitively, larger states in terms of population had larger numbers of taxpayers claiming the credits.

In the next map, a slightly different picture emerges. This map presents the percentage of taxpayers in each state who claimed either or both the 25C and 25D tax credits in 2009. A clear concentration of tax credit use can be seen for states in the Northeast and upper Midwest. Why? There are two leading explanations. First, homeowners in states in cold weather climates have more to gain from energy-efficient improvements in terms of reduced utility bills. However, there is no reason to believe that warm weather homes could not also benefit from energy-efficient improvements.

[7] Although the tax code does not allow taxpayers to claim section the 25C credit against the AMT, the annual AMT "patch" typically allows taxpayers to claim section 25C and other personal, nonrefundable tax credits against AMT. The simple, straightforward approach used in section 25D offers a model for improving the section 25C tax credit. A 30% tax credit that includes labor costs and is automatically AMT-preferred is simple, straightforward and effective.

Percent of Taxpayers Claiming a Residential Energy Tax Credit

Thus, the second explanation, and the stronger one, is that the states with relatively more common use of the energy tax credits also contain older homes. The following map details the median year of construction for housing units in each state, and there is indeed a rough correlation between tax credit use and older housing with concentrations of both in many northern states.

Median Year of Houses Built

A homeowner with a 50-year-old home is much more likely to improve their residence than a homeowner who has purchased a newly constructed home, with new construction more common in the southern part of the nation.

The last map tracks the total amount of the tax credits claimed. Overall, in 2009 taxpayers claimed nearly $5.9 billion in 25C and 25D tax credits. For the two tax credits combined, ***93 percent of tax credit claims were made by taxpayers who had an adjusted gross income of no more than $200,000***, which is indicative of a middle class tax program.

With respect to the 25C credit for energy-efficient remodeling of existing homes, the IRS data indicates a total of $25.1 billion of qualified expenditures in 2009.

Because the tax credit in 2009 was limited to $1,500 per taxpayer, not all of this activity generated tax credits. In fact, according to the IRS data, just a little more than 71 percent of these costs ($5.404 billion versus potential $7.539 billion) were allowed in the 25C calculation due to the $1,500 limit. Moreover, due to other tax rules, only $5.172 billion of the $5.404 billion were allowed as realized 25C tax credits.

The first portion of the 25C credit usage is related to energy-efficient building envelope improvements, with 13 percent of the 25C claims associated with insulation, 34 percent with windows and skylights, 9 percent with doors and another 9 percent with qualified roofing materials. The second part of the credit dealt with energy-saving appliance installation, with 16 percent of the total 25C claims connected to qualified heat pumps, air conditioners, water heaters and stoves; 17 percent with qualified natural gas, propane, oil furnaces or hot water boilers; 3 percent with advanced main air circulating fans used with a natural gas, propane or oil furnace.

An economic impact model has been developed by NAHB that enables estimating total employment and economic income impacts from home building and remodeling.[8] The model

[8] http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=103543&channelID=311

uses Bureau of Economic Analysis (BEA) data and BEA input-output tables to generate economic impacts by sector. The following table presents the impacts that result from $100,000 of remodeling activity.

Income and Employment Impacts of Remodeling on the U.S. Economy

	Number of Full-time Jobs	Wages and Salaries	Proprietors' Income	Corporate Profits	Total Income
$100,000 Spent on Remodeling					
All industries	**1.11**	**$52,709**	**$13,810**	**$16,147**	**$82,667**
Construction	0.54	$25,573	$6,601	$4,232	$36,406
Manufacturing	0.18	$8,136	$824	$4,529	$13,489
Wholesale and retail, Transportation and warehousing	0.16	$6,432	$849	$2,307	$9,588
Finance and insurance	0.02	$1,487	$71	$1,459	$3,017
Real estate and rental and leasing	0.01	$315	$1,652	$758	$2,725
Professional, Management, administrative services	0.12	$6,970	$2,191	$764	$9,924
Other services	0.09	$3,797	$1,623	$2,098	$7,518

Source: NAHB estimates, based primarily on data from the U.S. Bureau of Economic Analysis.

The jobs are measured on a full-time equivalent (FTE) basis. Thus, NAHB estimates that every $100,000 of remodeling activity creates 1.11 jobs on an FTE basis. 48.6 percent of those jobs are in the construction and remodeling sector.[9]

Putting all the data together, the IRS data and the NAHB economic impact model indicate that for 2009, a total of 278,610 full-time jobs were in connection with the 25C credit—135,540 of these jobs were in the construction and remodeling sectors. The program supported approximately $13.2 billion in wages for these workers and $7.5 billion in net business income.

Treasury Inspector General Report on Residential Energy Credits

On April 19, 2011, the U.S. Department of Treasury Inspector General for Tax Administration issued a report on the residential energy efficient tax credits (IRC 25C and 25D) and came to the conclusion that inadequate processes were in place to verify eligibility for the credits. Specifically, the report stated that:

> *The IRS **cannot verify** [emphasis added] whether individuals claiming Residential Energy Credits are entitled to them at the time their tax returns are processed. The IRS does not require individuals to provide any third-party documentation supporting the purchase of qualifying home improvement products and/or costs associated with making energy*

[9] The Direct Impact of Home Building and Remodeling on the U.S. Economy. NAHB Economics.

efficiency improvements and whether these qualified purchases and/or improvements were made to their principal residences.[10]

While the report did note a number of deficiencies with the IRS process for establishing verification of eligibility for the credit, some of the credits claimed are legitimate despite the inability to establish eligibility for the credit. In addition, the IRS notes that it can improve its processes to add additional safeguards and improve its ability to verify eligibility. WDMA stands ready to assist the government in making sure that the credit is only going to those who truly deserve the benefit.

To that end, WDMA has recommended consumer-friendly verification techniques to the IRS with the goal of improving the system for assuring that the tax credit claimed on returns are actually for qualifying energy efficient windows, doors and skylights. Currently, no documentation is provided on tax returns about the qualifying product. Taxpayers must maintain documentation in the event of an audit.

There are a variety of methods that should be explored to provide an identifying number or code that could be included on tax returns to help the IRS establish the eligibility of a product for the tax credit, which could be implemented for use with electronic filing. WDMA will continue to work with Congress and the IRS to improve the system of product verification.

Conclusion
Without question, the nation is facing the twin challenges of reducing energy consumption while spurring job creation. The 25C residential energy efficient tax credit encourages middle-class homeowners to undertake important and beneficial energy saving upgrades, which in turn supports American jobs across the housing industry supply chain—from manufacturing to distribution to sales to installation. The 25C credit has been popular because it works.

The 25C tax credit has broad support among window, door and skylight manufacturers. 19 industry executives sent a letter to the House and Senate in February 2012 supporting a robust extension of the 25C tax credit, knowing the $1,000 level would effectively leverage consumer activity and job preservation. A copy of the letter is included in the appendix of this statement.

WDMA would like to thank the Subcommittee for the opportunity to provide this statement and looks forward to working with it in extending the 25C tax credit at a level that will support the nation's energy goals while creating and preserving American jobs.

For More Information Contact

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Director of Legislative Affairs
(202) 367-2346
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[10] "Processes Were Not Established to Verify Eligibility for Residential Energy Credits," Treasury Inspector General for Tax Administration, Reference Number 2011-41-038, April 19, 2011

American Window, Door and Skylight Manufacturers for Energy Efficiency and Jobs Preservation

February 28, 2012

To All Members of the U.S. Senate and House of Representatives

Re: Extension of the 25C Residential Energy Efficiency Tax Credit

We the undersigned manufacturers, producing the majority of the nation's windows, doors and skylights, are writing to urge your support for a robust extension of the residential energy efficiency (25C) tax credit that expired at the end of 2011. When set at the $1,000 level, the 25C tax credit creates and preserves American jobs and promotes energy efficiency by helping owners of existing homes afford higher efficiency products such as windows, doors and skylights.

Residential remodeling activity spurred by an elevated 25C tax credit in 2009 and 2010 was critical to maintaining our economic vitality. In 2009, IRS data indicates the enhanced tax credit spurred Americans to invest $25.1 billion on remodeling and efficiency upgrades associated with 25C. Moreover, the program supported 278,610 jobs, approximately $13.2 billion in wages and $7.5 billion in net business income according to an analysis by the National Association of Home Builders.

The loss of this incentive before the housing market recovers will continue to hamper the creation and preservation of vital U.S. manufacturing jobs. With the tax credit substantially reduced for the remodeling/retrofit market in 2011, window and door production in the U.S. decreased 22% in the first quarter of 2011 from the last quarter of 2010. Extending this incentive until the housing market further stabilizes will protect valuable U.S.-based manufacturing jobs up and down the supply chain.

We urge your support for an extension of a robust 25C tax credit, knowing the $1,000 level would effectively leverage consumer activity and job preservation. As you know, the credit benefits consumers by allowing them to choose from a menu of energy efficiency options and determine which product works best for their needs. It creates jobs and benefits homeowners by reducing their energy use, lowering their energy bills and improving their homes.

Thank you in advance for your consideration of this issue, we look forward to working with you to include an extension of the 25C residential energy efficiency credit in tax legislation currently being considered in Congress. For additional information, please contact Ben Gann, director of legislative affairs, Window & Door Manufacturers Association (WDMA), at (202) 367-2346 or bgann@wdma.com.

Sincerely,

American Window, Door & Skylight Manufacturers (see attached)

p.2 February 28, 2012

Jay R. Lund
President & CEO
Andersen Corporation
Bayport, Minnesota

Jerry Burris
President & CEO
Associated Materials, LLC
Cuyahoga Falls, Ohio

George Simmons
President & CEO
B.F. Rich Windows & Doors
Newark, Delaware

Randal O. Emerson
President & CEO
Cascade Windows
Spokane Valley, Washington

Dennis Manes
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Champion Window
Cincinnati, Ohio

Thomas C. Chen
President
Crystal Window & Door Systems
Flushing, New York

Alan Marlow
President & COO
Harvey Building Products
Waltham, Massachusetts

Dominic Truniger
President & CEO
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Steven Sisson
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David Randich
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Maumee, Ohio

Timothy B. Miller
President & CEO
VELUX America
Fort Mill, South Carolina

Steve Donner
General Manager
Weiland Sliding Doors & Windows
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Statement of Winergy Drive Systems Corporation 1

Terry R. Royer, PE

Winergy Drive Systems Corporation

1401 Madeline Lane

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847-531-7434

Terry.royer@winergy-group.com

My name is Terry Royer, and I am the CEO of Winergy Drive Systems Corporation. I would like to share my views about the impact the Production Tax Credit (PTC) has had on the wind industry. While the wind industry has utilized other tax incentives to gain a foothold in the U.S. energy marketplace, the underlying PTC has, by far, been the most effective at generating the private capital and investment certainty that any industry needs to grow and prosper.

Let me back up for a moment to give you a little background on Winergy and how we fit into this conversation. Winergy Drive Systems Corporation is a division of Winergy Ag, an operating unit of Siemens Ag. Winergy Drive Systems Corporation is the US operating arm, which was incorporated in 2001. We are headquartered in Elgin, IL, a western suburb of Chicago. Winergy is the world leader in gearboxes for wind turbines. The gearbox is the key component inside a wind turbine. We operate two factories in Elgin and supply gearboxes to the top wind turbine manufacturers in the United States.

Winergy started here in the United States assembling and testing gearboxes with 11 employees in 2001. In the past six years when the PTC has not been allowed to expire, the demand it created has contributed to the expansion of our company, and has helped us weather the recent economic downturn. In 2009 we opened a new facility. Today we have 380 employees supporting our customers with the building of our products. Revenue from the wind industry accounts for 100% of my company's total income.

As one of the nearly 500 wind manufacturing facilities in the U.S., we are just one example of the critical role the PTC has played in the growth of our sector. The access to financing and the overall market certainty that the PTC has provided to investors, has led to the accelerated growth of wind farms projects in the U.S. In just the last six years, 38,094MW of wind have been constructed under a consistent PTC - this is over 80% of the total wind megawatts in the U.S. These projects demand huge pieces of equipment, intricate engineering, and a skilled construction force. Due to the economics of logistics and transportation costs, the wind industry has quickly realized that making these parts in the U.S. actually leads to lower costs and more efficiency. So, the growing demand for the construction of wind projects, brought on by the investor response to the PTC, has led to a rapid growth of U.S. wind manufacturing. Indeed, in 2005 only 25% of the component parts of a wind project were built in the U.S. Now, we are making more than 60% of component parts in the U.S. This is a trend that must continue. Over 75,000 existing jobs in the industry depend on it, not to mention tens of thousands of potential jobs.

In addition to this growing domestic supply chain, technology innovations have also continued to push wind energy further down the cost curve. The cost of wind energy has come down 90% since 1980 and capital costs have dropped 33% since 2008 (Bloomberg New Energy Finance). Companies like my own contributed to these technological innovations that increased efficiency and drove down costs. Innovations in gearbox technologies that Winergy has led are a key input to the cost reductions we have seen over the last four years. Wind energy technology continues to improve as the industry scales up.

The PTC has benefited not just the manufacturers and developers, but the American electricity consumer and the U.S. economy as a whole. Wind energy now provides nearly 3% of America's electricity, with that number surpassing 20% in the states of Iowa and South Dakota. Overall, wind energy has accounted for 35% of all new electric generating capacity in the last five years, increasing the diversity and energy security of our country.

The wind industry has generated investment upward of $20 billion annually, which is greater than the economic impact on U.S. GDP from the Colombia, Panama, and South Korea free trade agreements combined (Senate Finance Committee Statement, 10/11/11).

It is imperative that the PTC remain in place for the near-future so that private investment continues to grow this market and so that U.S. manufacturing jobs continue to be created. The PTC is not a handout. It is a business tax credit, with funding based solely on project performance, not evaluation by government officials. Without a mechanism with which to fund wind projects past 2012, manufacturers like Winergy are already losing business. I expect Winergy orders for 2012 and 2013 to fall by nearly 60%, which will lead to subsequent job losses. Industry-wide, 37,000 jobs will be lost if the PTC is not extended. (2011 Navigant Study).

Thank you for your consideration of the PTC extension - for driving economic growth, energy diversity and U.S. manufacturing. I would be more than willing to meet with you in person to discuss such a critical topic and the effect on US Manufacturing jobs.

Statement of Winergy Drive Systems Corporation 2

April 24, 2012

House Ways and Means Committee

To Whom It May Concern:

Please work together to create an extension of the PTC which is vital to the wind energy industry.

I have been with Winergy Drive Systems Corporation since 2006. It is hard to believe, but I am already considered an "old-timer" here. The PTC may have been around awhile but our industry was truly in its infancy still in 2006. This industry is not ready to stand on its own yet. Whenever the PTC is expected to expire – we see significant drop offs in our orders and in turn the orders we place on our vendors. This is already affecting my vendors in Ohio and in Illinois. I also buy materials from businesses located in Wisconsin, Tennessee, New Jersey, New York, Texas etc. We are working hard to increase our domestic spend.

We are doing great work here! We are developing viable long term energy sources, with little impact on the environment, lowering our dependence on foreign oil, increasing our national security, providing good jobs to Americans and the list goes on and on.

Please do not let negative examples in the renewable energy field such as Solyndra and how that went bad – tarnish the entire industry. We need this tax credit, we need you to work together to make it happen and America needs these jobs to continue! My family absolutely needs me to maintain my job – please help us to remain employed.

Sincerely,

Theresa Burda
Buyer
Winergy Drive Systems Corporation
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Title of Hearing: Hearing on Certain Expiring Tax Provisions

Statement of WOTC Solutions, LLC

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Chairman Tiberi Announces Hearing on Certain Expiring Tax Provisions

Dear Chairman Tiberi and Members of the House Ways and Means Subcommittee on Select Tax Extenders:

The federal Work Opportunity Tax Credit ("WOTC") is one of the few meaningful resources available to help the "hard to hire" WOTC target categories find productive work in today's stubbornly harsh job environment. The purpose and history of WOTC has proven it to be an effective tool to move these workers from tax-*users* to tax-*payers*. In each of the WOTC target categories, it is hard to argue that the dignity and self-respect inherent in working benefits not only the worker, but in fact benefits our society at all levels. We ourselves are a small business, and we utilize the WOTC to help *other* small businesses to:

- **Help WOTC-eligible categories of workers find decent work, nationwide;**
- **Help employers that hire the "hard to hire" *actually obtain* the WOTC and thus be incentivized to hire *more*.**

WOTC has not yet been renewed for 2012, another victim of the current D.C. gridlock. The exception to this was certain categories of veterans which were added in late 2011. While clearly well-intentioned, this additional WOTC category created the requirement that all 50 state WOTC offices have to remain in place. It also requires funding to assist what will be a relatively small number of employers being helped with this tax. This situation portends to be a sad example of government inefficiency directly caused by Congressional inaction. Renewing WOTC enjoys broad support from large business and employer groups who use this tax break to hire from the "hard to hire" worker pool, particularly those hiring at the entry level. As things currently stand, we are hearing a constant stream of complaints from our ("job creating") small business clients trying to make hiring decisions, and their accountants. This continued uncertainty adds to an already difficult business climate.

WOTC in 2012 is also a "women's issue":

Much is being made of the gender gap. It is not difficult to see how WOTC can be characterized as a "women's issue" in view of the following:

- According to *Women Entrepreneur,* women owned 49% of US firms in 2010 (many of them small start-ups) and they became the majority of the US workforce for the first time in US history;
- A key category of WOTC eligibility are TANF recipients. 90% of TANF recipients are young women and mothers, 75% between 20 and 39 years old;
- A sizable percentage (15%) of releasing WOTC eligible veterans are women.

The purpose of this message is to solicit your help in seeing this tax break for small business continued. From our considerable efforts in this legislative arena we can tell you that WOTC enjoys support on both sides of the aisle: Republicans correctly view it as a tax break needed by "job creating" small businesses in a tough economy; Democrats correctly see it as a valuable and proven tool for the good work of moving "hard to hires," from tax-draining welfare and unemployment rolls into tax-*paying* jobs. Employers have to have certainty as you have been told by them throughout this process. And, from its many years of success it is clear that WOTC *works*. WOTC is one of those rare issues that is beneficial to all concerned, including:

- **Those concerned with helping the hard to hire find decent work;**
- **The "hard to hire" worker categories it targets(including felons trying to stay on the right side of the law and out of very expensive incarceration), helping move them from tax-draining "programs" to tax-*paying* citizens;**
- **Employers willing to give felons and other hard to hires a chance, many small employers struggling to stay afloat in this tough economy;**
- **Governmental budgets at every level get relief from lower recidivism rates, and from having pools of "hard to hire" workers *paying* taxes rather than being supported by taxes. And, as mentioned above, the WOTC offices will all have to be manned and funded to handle only the small numbers of veterans who now qualify which is just a clear waste of valuable tax dollars.**

We are happy to respond to your committee's specific questions as our company is the preeminent expert in the field of using the WOTC to help hard to hires and the employers who hire them. (E.g., In a significant example, we are currently engaged with the State of Ohio to help every Ohio releasing felon find gainful employment. With WOTC in existence we provide this valuable service to Ohio at no cost. Without WOTC this effective program will be lost to Ohio, and to all the other states asking that it be duplicated in their state.) We've proven that the WOTC can be harnessed to materially help with one of today's biggest challenges: enabling the hard to hire find decent work. One of the great things about Congress is its bringing together of so many individuals with varied backgrounds to help make good laws. WOTC is a good example of that and deserves renewal. WOTC *works*.

TestimonWilliam F. Jones, Jr.

Senior Vice President & CFO

YMCA of Greater Pittsburgh

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Hearing on "Certain Expiring Tax Extenders"

House Committee on Ways and Means, Select Revenue Measures Subcommittee

April 26, 2012

Chairman Tiberi and members of the Subcommittee, my name is William Jones. I am the Senior Vice President and CFO of the YMCA of Greater Pittsburgh, an organization that has been in existence for 158 years. My Y serves in excess of 100,000 residents of Western Pennsylvania through our 19 branches, 4 resident camps, and 45 after school and day camp sites.

The purpose of my testimony is to support the extension of the New Markets Tax credit (NMTC), which expired on December 31, 2011. We urge Congress to enact a long term or permanent extension of the program.

The Community Renewal Tax Relief Act established the NMTC as a bipartisan effort to revitalize urban and rural communities by using tax incentives to attract private sector capital. Congress has extended the NMTC in 2008, 2009 and 2010. The NMTC is achieving its intended goal of attracting private sector capital to low income communities to stimulate economic activity, spur revitalization, create jobs and improve communities. Over the history of the program, 2003-2010, about $21 billion has been invested in low income communities through the NMTC. The total project cost of businesses financed by the NMTC comes to more than $32 billion. The Credit has financed about 1500 businesses that have created over 300,000 jobs, including over 200,000 jobs in the construction industry.

Clearly, this program is an effective incentive for getting private sector capital to distressed communities. According to a survey done by the Government Accountability Office, 88% of investors indicated they would not have made the investment without the NMTC and two thirds said they increased their investments in low income communities because of the Credit. Demand for the NMTC has exceeded the amount available by over $190 billion since 2003.

The NMTC is an excellent investment for the federal government. The total cost of $1 in NMTC investment to the federal government, measured by lost tax revenue, is approximately 26 cents. When the NMTC was extended for 2010 and 2011 with $3.5 billion in annual credit authority, the Joint Tax Committee's revenue estimate of the program was $1.81 billion.

All NMTC investments are to benefit businesses located in low income communities where poverty rates are 20% or more and where incomes do not exceed 80% of area median. In 2010, 72% of NMTC investments were made in areas even more distressed than required by law. These investments help to create employment opportunities and revitalize the communities.

The NMTC has had a huge impact on economically distressed communities. Billions of dollars have flowed into communities traditionally left out of the investment mainstream and hard hit by the recession. An example of this in Pittsburgh is our 2010 $13 million NMTC transaction that allowed us to complete the funding of a brand new full service YMCA facility in the Hill District neighborhood in Pittsburgh. This branch will serve hundreds of children and families in an extremely economically distressed area that did not have the type of facility or much needed social services that the Y provides. We couldn't have built this facility without the NMTC program.

Thank you for holding a hearing on the expiring tax provisions. We urge you to enact a long term or permanent extension of this program.

Statement of Zachary Nickerson

I, Zachary Nickerson, a graduate student of Environmental Policy and Management from Seaville, NJ, respectfully urge Congress to extend the wind energy production tax credit (PTC) as quickly as possible.

If we as a nation are going to build our 21st century economy around clean, domestic sources of energy, then wind energy will unquestionably be a large part of our future. In order to support this vital American industry, responsible for creating thousands of manufacturing, installation and maintenance jobs in the last few years alone, while creating clean, renewable energy that does not pollute our health, our environment, or contribute to global climate change, then the PTC is an indispensible tool.

One independent economic study of the impact of the PTC found that it is at a critical level in determining the competitiveness of wind-generated electricity, and that the potential for profitable wind power with the current PTC subsidy amounts to more than seven times existing demand for electricity in the entire U.S. (Lu et al., 2011). Clearly, this one policy has the potential to have an enormous impact on the way we generate electricity in this country, as has been shown by the dramatic growth of this industry recently (AWEA, 2011). Another independent study showed how uncertainty over the fate of the PTC has affected the industry in the past, creating a boom-bust cycle in which people are wary of making long-term investments (Barradale, 2010). It is in our best interest to provide the certainty that businesses need to make smart investments by renewing the PTC as soon as possible, for as long as possible, and not waiting until the last minute or until after it has already expired to do so.

I again urge the committee to take up an extension of the wind energy production tax credit right away.

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Industrial Technology
Business Unit
Wind Power Technology

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Our Ref.	
Date	May 9, 2012

Dear Members of Ways and Means Committee,

On behalf of all employees at ZF Wind Power LLC in Gainesville, Georgia we strongly encourage your support to extend the wind energy production tax credit (PTC) immediately. America is in dire need of both homegrown energy resources and American jobs and the windy industry can deliver both.

ZF Wind Power is just one of the many 400 manufacturing facilities in the United States supporting and manufacturing components for the wind industry. In 2010, ZF announced the decision to invest $98 million in Georgia's first major wind-energy related manufacturing operation with the intent of building a gearbox manufacturing facility and bringing more than 250 jobs to the state of Georgia. This announcement was a welcomed change for a troubled economy, a time in which Georgia unemployment rates were sitting at record highs (10.5%).

Now, with a state of the art manufacturing facility in place, investment dollars poured into the local economy, employees hired, trained and production ready, the production orders that were once anticipated and projected by our customer base are no longer there. Facing the threat of the PTC expiring, wind project developers are hesitant to plan future U.S. projects resulting in more than a 50% decrease in production orders for calendar year 2013 alone. Like prior years, when the PTC was allowed to expire, our facility like many others, can expect significant job loss if the committee does not take immediate action to extend the PTC.

We strongly encourage you not to wait to extend the credit until just before or after it expires. At that point, the damage is already done as we are already experiencing the shift away from U.S. installations and movement towards Canada and South America.

Carolin Wolfsdoerfer
Plant Management

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Statement of ZF Wind Power, LLC 2

ZF Wind Power is a manufacturer of wind turbine gearboxes. Due to the high market expectations, ZF decided to open its newest production facility in Gainesville, GA. We are currently in the ramping up phase to start production in the 2nd quarter of 2012. We have some orders for 2012, but we are already seeing volume decreases in 2013 based upon the production tax credit (PTC) expiring in December 2012. Our plant was built to produce 1,000 gearboxes per year, but current forecasts would only utilize 25% of our capacity. We have stopped our hiring plans due to the low forecast numbers, and have put any expansion plans on hold. The American market is getting less attractive and the Chinese competitors are gaining market share. ZF Wind Power made a $100 million investment commitment to the US market based on our belief of wind energy's future potential and extension of the PTC is critical to continual development and job growth for the United States.

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