

February 27, 2012

## Create Jobs with Clean Economy Tax Provisions

Dear Senator:

On behalf of the BlueGreen Alliance, our twelve national labor and environmental partners and the over 14 million people they represent, I strongly urge you to incorporate vital clean economy tax provisions into the tax extender package currently being discussed. These are tax provisions that support the production and manufacturing of clean energy, and support incentives for energy efficiency in homes, buildings, and large industry.

The clean economy already employs over 2.5 million workers<sup>1</sup>. It has the potential to employ many, many more with family sustaining careers, but only if we provide the necessary support to keep our domestic industries competitive.

### Clean Energy Deployment and Manufacturing

- *Advanced Energy Project Credit (Section 48C)*: Section 48C leveraged its allocation into \$5.4 billion in private funds for qualified investments in advanced, clean energy projects, to support new, expanded, or re-equipped domestic manufacturing facilities. This shared public and private investment created jobs and economic growth in communities across the country in the highly competitive clean economy manufacturing sectors. Yet this program received applications for nearly three times the amount of projects it could fund, indicating enormous potential for the program's future impact on domestic clean energy manufacturing deployment. We urge that an additional \$5 billion be allocated for this program.
- *Renewable Energy Production Tax Credit (PTC)*: The PTC is vital for a variety of clean energy technologies, including wind, biomass, and hydropower. The domestic wind industry supports over 400 manufacturing facilities across 43 states. Tens of thousands of workers are employed constructing wind projects and manufacturing the turbines, parts and components. The PTC is vital to keep the industry robust and growing, yet it expires at the end of 2012. When the PTC has been allowed to expire in the past, installations have dropped between 73% and 93% with corresponding job losses. We urge that

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<sup>1</sup> [http://www.brookings.edu/reports/2011/0713\\_clean\\_economy.aspx](http://www.brookings.edu/reports/2011/0713_clean_economy.aspx)

the PTC be extended for at least four years.

- *Section 1603 Treasury Grant Program for Renewable Energy:* The Section 1603 program has supported hundreds of thousands of jobs since it was enacted, spurring the construction of new, renewable energy generating capacity in every state in the country. It leveraged nearly \$23 billion in private investment, jumpstarting projects in a dozen clean energy industries including solar, wind, biomass, and combined-heat-and-power projects. We strongly ask that this program be extended, and inclusion of the application of Davis-Bacon will ensure that all of these federally funded projects provide family-supporting wages to the construction workers employed.
- *Section 48 Investment Tax Credit for Offshore Wind Energy:* Offshore wind energy represents a huge untapped resource that stands to generate clean electricity and increased manufacturing jobs for the future of the nation. But as 2011 draws to a close, there are still no operating offshore wind facilities in U.S. waters. Section 48 should be extended for offshore wind facilities up to the first 3,000 MW installed, as provided by the Carper-Snowe (S. 1397) or Pascrell-Lobiondo (H.R. 3238) bills introduced in the Senate and House respectively.

### **Energy Efficiency**

- *Section 45L Efficient New Homes Tax Credit:* Section 45L is a highly successful incentive that has transformed the market for energy efficient new homes, but it expired at the end of last year. The incentive saved homeowners significant money on their energy bills, enabling them to make ends meet during these tough economic times. According to the Association of Home Appliance Manufacturers (AHAM), 40,000 jobs are affected by the Section 45L tax credit, which accounts for at least 17,000 direct manufacturing jobs and 23,000 jobs that support the manufacturing of the affected products. Congress should extend the credit for one year and add a tier for even higher efficiency homes that would expire after four years.
- *Section 45M Efficient Appliances Manufacturer Tax Credit:* Section 45M promotes the manufacture of high-efficiency appliances, including washers and refrigerators, and expired at the end of last year. Extending the incentive would not only save homeowners money on their energy bills, but also encourage domestic manufacturing of high-efficiency appliances. Congress should extend certain tiers of the incentive in accordance with a 2010 agreement between domestic manufacturers and energy efficiency advocates.
- *Modify the Investment Tax Credit for Combined Heat and Power (H.R. 2750):* H.R. 2750 increases eligibility for industrial efficiency projects to qualify for this credit, opening the doors to greater energy savings and job creation. In particular, it would extend applicability of the existing credit for Combined

Heat and Power (CHP) to include Waste Heat Recovery (WHR), and would allow larger CHP systems to qualify. Congress should make this modification since it would expand greatly the type and number of facilities and WHR investments that would be eligible.

- *Home Efficiency Improvement Tax Credit in the Cut Energy Bills at Home Act (S. 1914):* This bipartisan bill establishes a new tax credit for homeowners who make efficiency improvements to their homes. The incentive will help spur the growth of the home efficiency improvement industry across America that enables homeowners to achieve deep cuts in their energy use, which saves them money and reduces harmful pollution. Congress should pass this tax credit, which will not just grow the industry but will also create much-needed jobs in the troubled housing sector.

### **Transportation**

- *Section 132 (f) Transportation Fringe Benefits:* In 2009, Congress established parity between the parking and transit/vanpool benefit at a monthly cap of \$230/month. The parity established help increase transit and vanpool ridership across the country in the face of increased energy and transportation costs. The provision also helped save hundreds of millions of dollars for small businesses and corporations who decided to help provide their employees with commute alternatives. Parity expired at the end of 2011, and the resulting decrease of the transit benefit from \$230/month to \$125/month will act as a \$500 per-year tax on transit riders with some of the longest commutes. Congress should restore this parity.
- *Section 30B(d)(2)(B) Credits for Hybrid Medium- and Heavy-Duty Trucks:* Hybrid and electric drive technologies are ripe for deployment in medium- and heavy-duty trucks, especially those in stop-and-go urban, port and industrial sites. Hybrid and electric drives can increase fuel efficiency in trucks from 20 to more than 50 percent, yet the incentives for producing and deploying them expired in 2009. Medium and heavy-duty vehicles are second only to automobiles in oil consumption and they are responsible for 20 percent of U.S. transportation-based greenhouse gas emissions. Congress should extend the credits, which we believe will help accelerate the development and deployment of more efficient and cleaner vehicles and help create domestic jobs.
- *Section 136 Advanced Technology Vehicle Manufacturing (ATVM) loans:* Section 136 of the Energy Independence and Security Act of 2007 established direct loans to support the development of advanced technology vehicles and associated components in the United States. The ATVM program has a demonstrated record of success: since the program was authorized in the ARRA, \$8.4 billion in loans have helped create or save 41,000 jobs in Tennessee, California, Indiana, Michigan, Delaware, Illinois, Kentucky,

Missouri, and Ohio. Among current outstanding applications, there is potential to create and sustain tens of thousands of additional jobs. Congress should preserve the fiscal authority of the ATVM program in its entirety to help the auto industry retool to build cleaner cars demanded in the marketplace.

We must continue to foster demand for the clean economy markets, including clean energy production and manufacturing, energy efficiency, and our budding transit and advanced vehicles sector. Passing these extensions, improvements and new credits would go a long way toward keeping America competitive in global markets, creating family-supporting jobs, and reducing our climate footprint.

We look forward to working with you as you craft a tax package that takes us further towards an American clean economy future.

Sincerely,



David A. Foster  
Executive Director, BlueGreen Alliance

