

Conservative Organizations Oppose Extension of the Wind Production Tax Credit



December 8, 2020

The Honorable Mitch McConnell
Senate Majority Leader
317 Russell Senate Office Building
Washington DC 20510



Dear Majority Leader McConnell,



We, the undersigned organizations, write to object to any effort to extend or expand the tax credit for producing electricity from wind (PTC). American taxpayers have spent three decades subsidizing the wind industry and it's well past time for this market-distorting practice to end.

We urge Congress to allow The PTC to phase out as scheduled under current law and alleviate taxpayers from this significant burden. Initially intended to aid a budding industry, the PTC has been extended 12 times since its creation in 1992 and grown into a taxpayer-funded competitive advantage for wind generators that distorts energy markets and harms consumers.

In December of 2019, the PTC was extended again for an additional year in the Taxpayer Certainty and Disaster Tax Relief Act of 2019, Division Q of the Further Consolidated Appropriations Act of 2020 (P.L. 116-94).

This extension occurred despite years of insistence from the American Wind Energy Association that the industry was prepared for its subsidies to phase out and would not seek an extension. For example, in June of 2019, AWEA's Vice President of Federal Affairs told Greentech Media that the industry would not advocate for a "wind-specific incentive" and instead was "encouraging a widely applicable, transferable technology-neutral tax credit based on carbon emissions."

Then in late October of 2019, AWEA abruptly took a policy U-turn and began publicly advocating for an extension of the industry's subsidies, defending its policy shift by claiming the wind industry was only seeking "tax policy parity" with "the same extension of the Investment Tax Credit (ITC) the solar industry" was seeking at the time. Yet in the final year-end tax extenders package, Congress declined to extend solar subsidies while providing a one-year extension for the wind PTC.

Additionally, the U.S. Treasury Department and Internal Revenue Service have already taken action this year to extend the deadlines for wind energy projects eligible for tax credits as a result of delays due to the coronavirus pandemic. Wind projects that started construction in 2016 and 2017 will now have five rather than four years to finish construction while still receiving their Production Tax Credit (PTC) benefits.





Despite any impact from the coronavirus pandemic, the wind industry is still poised for a record-setting year. According to data collected by the U.S. Energy Information Administration (EIA), project developers expect more than 23 gigawatts (GW) of wind turbine generating capacity to come online in the United States in 2020, shattering the previous record of 13.2 GW added in 2012. Such record growth is further evidence that the industry no longer requires taxpayer subsidies to compete in the marketplace.



The Joint Committee on Taxation (JCT) estimates that in 2019 alone, tax expenditures for the PTC were \$5.1 billion. Prior to the one-year extension of the PTC, the JCT estimated that tax expenditures for the PTC would be \$19.3 billion between 2019 and 2023. It was later estimated that the one-year extension of the PTC already granted by Congress will reduce tax revenue by an additional \$2.1 billion between 2020 and 2029.



We strongly agree with the American Wind Energy Association’s own tax policy page on its website which makes clear that the industry is properly prepared for the tax credit to phase out: “Growth in the wind industry is expected to remain strong when the PTC is fully phased-out. Because the PTC has been successful in helping establish a reliable, competitive domestic wind industry, wind will continue to expand capacity and deliver economic benefits for Americans and their communities.”



We urge Congress to allow The PTC to phase out as scheduled under current law and reject any effort to extend or expand this market-distorting subsidy.



Onwards,

Grover Norquist
President, Americans for Tax Reform



Phil Kerpen
President, American Commitment



Thomas Pyle
President, American Energy Alliance

Richard Manning
President, Americans for Limited Government



Brent Wm. Gardner
Chief Government Affairs Officer, Americans for Prosperity



David T. Stevenson
Policy Director, Caesar Rodney Institute



Ryan Ellis
Center for a Free Economy

Isaac Orr
Policy Fellow, Center of the American Experiment

Adam Houser
Director of Collegians, Committee For A Constructive Tomorrow

Myron Ebell
Director, Center for Energy and Environment, Competitive Enterprise Institute

Mike Palicz
Sr. Fellow, Center for Worker Freedom

Jason Pye
Vice President of Legislative Affairs, FreedomWorks

George Landrith
President, Frontiers of Freedom

James Taylor
President, The Heartland Institute

Garrett Bess
Vice President of Government Relations and Communications, Heritage Action for America

Steve Milloy
Founder and Publisher, JunkScience.com

Seton Motley
Founder and President, Less Government

Pete Sepp
President, National Taxpayers Union

Douglas Kellogg
Executive Director, Ohioans for Tax Reform

Daniel Turner
Executive Director, Power the Future

Paul Gessing
President, Rio Grande Foundation

David Williams
President, Taxpayers Protection Alliance

Jason Isaac
Director, Life:Powered at the Texas Public Policy Foundation

Frank Lasee
President, Truth in Energy and Climate