

Opening Statement of the Honorable Fred Upton
Subcommittee on Energy
“The Benefits of Tax Reform on the Energy Sector and Consumers”
June 20, 2018

(As prepared for delivery)

Good morning and welcome to today’s hearing where we will be focusing on the Benefits of Tax Reform on the Energy Sector and Consumers. As you know, last December Congress passed the *Tax Cuts and Jobs Act of 2017*. This new law is the most comprehensive rewrite to the tax code in more than three decades. Across the country, its impacts on our economy are already evident, in the form of reduced tax burdens and more money in the pockets of middle class Americans. Today, we’ll be focusing on the effects of tax reform on the energy sector and I’d like to welcome our witnesses who will share their perspectives on how tax reform is impacting their businesses.

Across the nation, the *Tax Cuts and Jobs Act* is resulting in widespread economic benefits, providing tangible relief for American workers and their families. The savings resulting from tax reform is now beginning to reinvigorate our national economy and a renewed confidence and lower cost of doing business is resulting in bigger paychecks, more jobs, and more benefits. This is not just political rhetoric -- we are *actually* seeing the benefits of tax reform across the United States economy. Since the beginning of 2018, the country’s GDP has risen by **2.2 percent**.

Small business owners are experiencing the benefits of tax reform, with over three-quarters indicating they believe the current business climate is heading in a positive direction, and 87 percent expecting that it will have a positive impact on the economy. The savings from tax reform are allowing these companies to reinvest in their employees through wage increases and bonuses. These perceptions are also supported by hard numbers. According to the nonpartisan Congressional Budget Office, the *Tax Cuts and Jobs Act* is estimated to grow wages by \$1.2 trillion over the next decade. In my home state of Michigan, Penske Automotive recently announced that as a result of tax reform, they would increase company matching 401(k) contributions for employees from 1.5% to 2.5%.

The benefits of tax reform can be measured by employment numbers, too. Businesses are increasingly hiring new employees. In fact, just last month, 223,000 new jobs were created. In addition, there are 6.7 million job openings and just 6.4

million available workers to fill them, meaning there are more jobs than people out of work – something the American economy has never experienced before.

Energy companies have experienced first-hand the benefits of the recent tax reform. Since the passage of the *Tax Cuts and Jobs Act*, utility companies in 49 out of 50 states, and DC, have taken action to pass their tax savings on to their customers. In my home state, several utilities, such as Consumers and DTE Energy, have publicly announced their plans to pass on their savings to Michigan families.

Utility savings are happening all over the country. Currently, at least 102 utilities across the United States have lowered rates for customers and American consumers are now seeing lower utility bills for their electricity, gas, and water services. In Michigan, this will result in DTE Energy passing along a savings of more than \$190 million to their 3.5 million customers. Notably, the Federal Energy Regulatory Commission is also acting to ensure that the reduction in the corporate income tax rate is reflected in the rates charged by the electric transmission, natural gas and oil pipeline companies that it regulates.

Tax reform also has helped spur economic growth and investment for our nation's manufacturing sector and enabled the build-out of more energy infrastructure. Just recently Michigan's own ITC Holdings, an independent transmission company, announced it would reduce its customer rates as a result of the lower tax rate. For capital-intensive infrastructure, tax reform is allowing greater long-term stability for large projects with longer construction timelines. This translates into more American jobs and helps strengthen our nation's economy.

Today's witnesses represent business that are on the front line and have already experienced some of the effects of tax reform. Thank you again for being here today, and I look forward to hearing your firsthand accounts of how the tax bill has impacted your businesses, employees, and customers.