

ONE HUNDRED FIFTEENTH CONGRESS
Congress of the United States
House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

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July 20, 2018

Ms. Holly Wade
Director, Research and Policy Analysis
National Federation of Independent Business
1201 F Street; Suite 200
Washington, DC 20004

Dear Ms. Wade:

Thank you for appearing before the Subcommittee on Energy on June 20, 2018, to testify at the hearing entitled "The Benefits of Tax Reform on the Energy Sector and Consumers."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. To facilitate the printing of the hearing record, please respond to these questions with a transmittal letter by the close of business on Friday, August 3, 2018. Your responses should be mailed to Kelly Collins, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, DC 20515 and e-mailed in Word format to Kelly.Collins@mail.house.gov.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,



Fred Upton
Chairman
Subcommittee on Energy

cc: The Honorable Bobby L. Rush, Ranking Member, Subcommittee on Energy

Attachment

Attachment—Additional Questions for the Record

The Honorable David B. McKinley

1. In your written statement you said, “Most small business owners are still learning about how the law will affect them and their businesses...” One such area the new tax law adversely effected was capital formation for small hydropower and especially Pumped Storage Hydropower projects. Hydropower is a valuable renewable electricity provider and need to compete against other sources of renewable energy such as wind and solar. Although these projects are not developed on main street , many of these developers are small businesses and they employ many small businesses as vendors and suppliers.

The Tax Cuts and Jobs Act provided a retroactive tax incentive for 2017 for qualified hydropower and marine hydrokinetics. For projects that could commence construction in 2017, they were able to qualify for the ITC (investment tax credit). Similar hydropower projects after 2017, do not have an ITC/PTC option. The new tax law provides full expensing of property, however for hydropower facilities, most of which are built on federal dams, or are built by non-tax paying irrigation districts, that incentive does not provide any benefits.

Tax credits for other renewable resources, such as wind and solar – industries with which hydro power directly competes – have long-term extensions. This disparity puts development of these resources at a severe competitive disadvantage in the market for new renewable electricity generation, particularly in the eyes of investors who seek clarity and certainty.

Would your organization support efforts to address the inequities hydropower faces in light of the new tax reform?