

Chairman Richard Neal
U.S. House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

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Chairman Neal, Subcommittee Chairman Thompson, Members of Ways and Means,

As the recently released Intergovernmental Panel on Climate Change [report](#) lays out, humanity is facing a “code red”. The time for Congress to act both decisively and boldly on climate change is now. Action to address the climate crisis must be taken across the board, and key among many policies is a foundation of strong federal incentives for clean energy.

The signs and consequences of accelerating warming are becoming increasingly clear every day. From historic droughts, superstorms, floods, record-breaking wildfires, to unprecedented searise and coastal inundation, among many other examples, Americans across the country are experiencing extreme weather and climate disasters routinely. The growing local and regional impacts of climate change are clear, but so too is the reality that devastating costs await the U.S. economy if we do not act immediately and boldly. The 4th National Climate Assessment found that by the end of the century, warming on current trajectories would cost the U.S. economy more than \$500 billion a year in crop damage, lost labor, and extreme weather damages alone. Similarly, the Senate Finance Committee estimates business as usual will cost the United States \$34 trillion in lost economic activity by the end of the century.

The increasing pace and worsening effects of climate change mean we can no longer wait to act. This year’s legislative opportunity is the best, and possibly the last, chance we have to put the country on a path to a clean economy in a timeframe that avoids the most catastrophic climate impacts. Moreover, with the 26th United Nations Climate Change Conference of Parties (COP 26) happening in November, legislative proposals coming from the 117th Congress must reflect our full commitment to meeting our Paris Climate Agreement National Determined Contributions (NDC) decarbonization goals.

The climate action Congress takes must be bold and commensurate with the worsening of the climate crisis and the impacts we face. More than 180 House Democrats recently called for such a package when they wrote a [Dear Colleague letter](#) to support climate investment in the tax code. Fortunately, with the passage of the House Budget Resolution initiating the budget reconciliation process, such legislation is achievable. It is critical that the House Ways and Means Committee prioritize adopting a package of tax incentives of a scale, scope, and duration that will rise to the historic challenge that climate change presents.

Providing this robust set of clean energy, clean transportation, energy efficiency, and manufacturing incentives is not only a climate issue, it is a jobs issue. Prior to the COVID-19 pandemic, clean energy was one of the nation’s fastest-growing sectors and was projected to add 175,000 jobs in 2020. At the turn of the year, not only did those 175,000 jobs not materialize, but roughly 300,000 clean energy workers were

still out of work. These unemployment impacts are being felt all over the country. In addition to reviving good-paying jobs that pay 25% more than the national median wage, support for clean energy improves the overall health of the economy by leveraging private capital to accelerate climate progress and saving consumers money in difficult times. The clean energy sector is also an increasingly important source of American innovation, energy independence, and international competitiveness in the 21st century global economy.

We ask that your committee prioritize inclusion of a stable, predictable and long-term clean energy and transportation tax platform that:

- Provides full-value, long-term incentives for solar, wind and other renewable technologies
- Extends the new offshore wind ITC with PTC optionality
- Makes energy storage and high-voltage transmission eligible for an investment tax credit on a standalone basis
- Modernizes the tax incentives for commercial and residential energy efficiency improvements
- Extends and modifies the tax credit for alternative fuel infrastructure
- Revives and greatly expands tax credits for domestic clean energy manufacturing
- Ensures broad consumer accessibility for the EV tax credit by shifting out of the current per manufacturer cap structure, makes it available for a longer period of time, and precludes changes that would narrow or constrain the emissions benefits of this proven incentive such as harmful price and income limitations

Finally, given the continued uncertainty around tax equity, and to maximize utilization by the broadest range of stakeholders, all these tax incentives should be made “refundable” or include a direct pay option.

These policies, the industries, and the workers they support have a significant role to play in securing our future prosperity and leading our nation’s economic recovery. A stable, predictable and long-term clean energy and clean transportation tax platform would save consumers money and create good paying jobs in every state. These incentives - along with other policies that bring the benefits of clean energy and clean transportation to historically marginalized communities, promote workforce development, support strong labor standards and spur domestic manufacturing - can help restore and ensure America’s climate and clean energy leadership around the world.

Sincerely,

CC: House Speaker Nancy Pelosi, Senate Majority Leader Chuck Schumer, Senate Minority Leader Mitch McConnell, House Minority Leader Kevin McCarthy, Senate Finance Committee Chairman Ron Wyden, Senate Finance Committee Ranking Member Mike Crapo, House Ways and Means Committee Ranking Member Kevin Brady, National Climate Advisor McCarthy, Mr. Deese, Mr. Zaidi, Ms. Herrell