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Opening Statement of Sen. Chuck Grassley
Hearing of the Committee on Finance
"Role of Tax Incentives in Energy Policy"
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As many of my colleagues on this committee well know, I have long been a supporter of alternative and renewable sources of energy as a way of protecting our environment and increasing our energy independence. Wind, biomass, and ethanol are alternative energy sources that, with my continued support, are working to reduce our nation's dependence on foreign oil. Renewable energy makes perfect sense. Think about it: The wind is a clean, abundant natural resource. Successfully harnessing wind power can help provide energy in times of shortages and alternative sources in face of soaring prices.

My state of Iowa is a major producer of wind energy. In fact, Iowa has four new wind power projects ready to go on line just this year. Nationwide, more than 900 megawatts of new wind energy capacity was added just last year. This new capacity alone will power the equivalent of more than 240,000 homes. In 1993, I introduced the first-ever bill to give wind a tax credit for the production of electricity, so it could begin to compete with traditional energy sources. I believe that a production tax credit is critical to the expansion and development of wind energy and the future increase of electricity production.

The credit is set to expire at the end of this year, so I have introduced a bill called the "BREEZE" Act, to extend the wind energy production tax credit through 2007 and it has been co-sponsored by 23 of my fellow senators. I believe this is a wise investment. Also, I have introduced legislation to encourage and expand our production tax credit for electricity produced from renewable biomass. My "GREEN" bill has been co-sponsored by 12 of my fellow senators, to extend the credit for electricity production from biomass until 2007.

Biomass energy production will produce enormous economic benefits for rural America, because I know farmers do not waste anything. They extract value from every resource. Turning tree trimmings and native grasses into energy is one of the many ways farmers can use their land for the public good. This is something the tax code should continue to encourage. Equally important is increasing and diversifying our domestic energy production and advancing renewable and alternative sources in addition to wind, biomass, soy diesel and ethanol. We must continue to develop renewable and alternative energy sources as an integral part of a national energy policy.

First, alternative and renewable sources enhance our energy diversity, thereby providing the United States with insulation from an oil supply dominated by the Middle East. Our national security is currently threatened by a heavy reliance on oil from abroad. Second, domestically produced alternative energy creates American jobs and strengthens our economy. And finally, alternative energy makes valuable contributions to maintaining cleaner air and a cleaner environment.