



# Committee On Finance

Max Baucus, Ranking Member

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## NEWS RELEASE

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## BAUCUS INTRODUCES ENERGY COMPETITIVENESS ACT OF 2006

*Second in a series of competitiveness initiatives creates landmark energy research agency, provides significant tax incentives for alternative fuels, energy efficiency*

**Washington, DC** –U.S. Senator Max Baucus (D-Mont.), Ranking Democrat on the Senate Finance Committee, introduced legislation to create an energy research agency that can ensure America’s energy independence and economic competitiveness in the coming decades. The Energy Competitiveness Act of 2006 builds on current proposals to create an Advanced Research Projects Agency for Energy (ARPA-E), as recommended by the Committee on Prospering in the Global Economy of the 21<sup>st</sup> Century, and adds additional independence, funding and authority to its mandate. The Energy Competitiveness Act will also provide new incentives for the use of alternative-fuel vehicles, and will extend a number of tax incentives first created by the 2005 energy bill to encourage the development and use of alternative energy strategies.

**“We are trapped in an energy box characterized by high imports, increasing prices, and looming environmental and political instability. To break out, we need an energy research effort modeled after the Manhattan Project, or the Apollo mission to the moon. ARPA-E can be an equally successful effort, if we build it right from the start,”** said Baucus. **“I have many colleagues who recognize that America has to think its way to energy independence. I want to work together to give ARPA-E the boldest mandate, the freest rein, and the strongest support possible for its mission.”**

The Energy Competitiveness Act of 2006 creates ARPA-E as an independent agency outside the Department of Energy, with a director appointed by and answerable to the President. The Baucus legislation funds ARPA-E at twice the level of other proposals. It requires a small, elite staff of experts, provides higher salaries to attract and keep America’s best technical minds, and limits the tenure of staff to ensure continual innovation. ARPA-E would be authorized to award cash prizes to encourage and accelerate energy research accomplishments.

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The Baucus bill also incorporates new incentives for American businesses to buy and use alternative fuel vehicles, by including the recently introduced America's Business Choice Act of 2006. That legislation, introduced this month by Baucus and Finance Committee Chairman Chuck Grassley (R-Iowa), eliminates depreciation limitations for such vehicles. The bill also extends a number of provisions in the 2005 Energy Bill that support alternative energies and energy efficiency, as follows:

- Renewable energy production tax credit
- Clean renewable energy bonds
- Clean coal tax credits
- Refinery expensing
- Commercial building deduction
- Energy efficient new homes
- Residential solar tax credit
- Fuel cell and microturbine tax credit
- Business solar tax credit
- Biodiesel excise tax credit
- Credit for refueling property

**“America’s investment in alternative energy and conservation lags well behind that of other developed countries. The 2005 energy bill put us on the right track with some additional tax considerations, but these provisions are either short-term or capped at insufficient levels,”** said Baucus. **“ARPA-E will help us move forward on existing technologies and find new technologies that are not even imaginable today. These tax incentives will keep us on the right track until more dramatic breakthroughs occur.”**

The Energy Competitiveness Act of 2006 is expected to be referred to the Senate Finance Committee, on which Baucus serves as Ranking Member. Full text of the legislation will be available on the Finance Committee website today. This bill is the second in a series of Baucus bills to be introduced this session to enhance American economic competitiveness around the world. In the coming weeks Baucus will introduce additional legislation aimed at improving American education, research, savings, tax, and health policy in ways that will keep our nation economically preeminent.

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