

For Immediate Release  
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Grassley works to bolster wind energy production and create jobs in wind energy sector

WASHINGTON --- Senator Chuck Grassley praised President Obama's strong support for renewable energy and today filed amendments to the economic stimulus legislation that a Senate committee will consider tomorrow morning to strengthen federal efforts to expand production of clean and abundant wind energy.

Grassley is the father of the wind energy tax credit, having sponsored the first-ever provision enacted in 1992. As Chairman of the Senate Finance Committee in 2001 and 2005, his legislation significantly expanded and extended the production tax credit for wind energy.

"This year, Congress has the opportunity to build on that strong record and make the tax credit permanent or extend the tax credit for five years in order to help restore jobs and generate even more private sector investment in wind energy," Grassley said. In Iowa, wind energy has created good-paying manufacturing jobs in Newton, West Branch, Ft. Madison, Keokuk and Cedar Rapids.

The Iowa senator said he would offer several amendments to the legislation that will be acted on Tuesday by the Senate's tax-writing Finance Committee, where he is the Ranking Member.

Grassley's amendments would make section 45 of the federal tax code permanent law and, alternatively, extend it for five years. Grassley said his proposals would maintain the option for producers to take either the production tax credit (PTC) or investment tax credit (ITC) for 2009 and 2010, as is in the bill passed last week by the House of Representatives and the proposal of the Senate Committee Chairman.

Grassley said he would also seek to establish a new 10-year carryback of the credit, either the PTC or ITC depending on the wind energy company's election. Current law is a one-year carryback of the PTC. The House bill has an election to take the PTC or the ITC in 2009 and 2010 as mentioned above, but only allows a one-year carryback of the PTC or ITC against one-year's worth of prior income taxes paid by that wind energy company. The Finance Committee Chairman's proposal includes the election to take the PTC or the ITC in 2009 and 2010 as mentioned above, and also includes a five-year carryback of either the PTC or the ITC against prior income taxes paid by that wind energy company over the last five years.

Grassley said he hopes to extend the carryback to 10 years so that the PTC or ITC can be used against prior income taxes paid by a wind energy company over the last 10 years. "This much longer carryback period is designed to help get more wind projects started again," Grassley said. "The economic stimulus bill is the perfect place to make this policy change because due to the economic downturn, the tax-equity financing

market, which is typically how wind-energy projects are financed, has dried up as the investors in these projects, mainly large financial institutions, no longer have any appetite for obtaining the PTC because they have income tax liabilities. So a lot of projects are on hold.”

Grassley said “the longer carryback is designed to get some of those stalled projects going and to get people working again.”

A longer-term or permanent extension of the PTC will provide more certainty to those financing these projects, making the projects more attractive to invest in and therefore generating more wind-energy projects and jobs, as well as making the PTC a more efficient tax credit.

Iowa is the third largest state for wind energy production, and about 10 percent of the electricity used in Iowa is generated by wind. Experts say the result has been increased property tax revenues for Iowa’s counties, high-quality construction jobs and revenue in the form of lease payments to landowners where wind turbines are located.

In addition to his work to extend and expand the wind energy production tax credit, Grassley also has successfully fought to keep the tax credit from being cut. Last year and the year before, he was able to restore the wind energy tax credit after it had been substantially diminished in tax legislation passed by the House of Representatives.