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Contact: [Ashley Schapitl](mailto:Ashley.Schapitl@senate.gov) (202) 224-4515

Wyden Statement at Finance Committee Hearing on the Climate Crisis and the U.S. Tax Code
As Prepared for Delivery

The Finance Committee meets this morning for its first hearing on the climate crisis since 2009. It comes right on the heels of President Biden’s announcement of an ambitious new climate goal: cutting emissions at least in half by the end of the decade compared to 2005 levels. That target comes with a lot of big challenges, starting with energy-related emissions, as well as transportation.

The reality is, a debate on energy and transportation is largely a debate on tax policy. That puts this committee in the driver’s seat when it comes to job-creating legislation that addresses head-on the existential challenge of the climate crisis.

The energy tax code in America is a cluttered, old heap of more than 40 different tax breaks for a variety of energy sources and technologies, including clean energy and transportation. Most of those incentives are temporary. That keeps clean energy businesses and workers living in an uncertain state of limbo. On the other hand, at the base of this system are century-old, permanent tax breaks for oil and gas companies. There’s no uncertainty for them; they get guaranteed benefits funded by American taxpayers every year.

At a time when people in Oregon and around the country are routinely clobbered by the disastrous effects of the climate emergency, it’s important to be clear about what this broken, old energy tax system means in practice. Under the laws on the books, taxpayers are subsidizing the climate crisis. That’s what it means when fossil fuel interests get special, permanent breaks above and beyond what’s available to everybody else.

There’s a taxpayer subsidy for megastorms and terrible floods along our coastlines and waterways. There’s a taxpayer subsidy for massive wildfires bigger and hotter than any the West experienced decades ago. There’s a taxpayer subsidy for wintertime bouts of extreme cold that send the privileged fleeing to tropical resorts while their neighbors freeze to death in their homes. What’s worse, taxpayers are also on the hook for much of the cleanup when disasters strike.

Last week I introduced the Clean Energy for America Act that would throw the old set of more than 40 tax breaks in the dustbin. The bill, which has more than two dozen cosponsors, would replace that old hodgepodge with a new set of three incentives: one for clean energy, one for clean transportation, and one for energy efficiency.

Experts tell us that getting the policy right in those areas is the whole ballgame. This emissions-based approach also works hand-in-glove with the smart, fresh ideas that several other members will bring forward today.

In terms of tax certainty and predictability, it would level the playing field for everybody. It would be a job-creating, free market competition to get to net-zero carbon emissions. Clean energy producers and businesses that focus on cutting-edge transportation would no longer have to worry about their tax incentives disappearing because Congress is deadlocked yet again. The bill would help to supercharge innovation in clean transportation and energy storage.

That's a big reason why there's a new coalition lining up behind this proposal. The Environmental Defense Fund, the Sierra Club, the Natural Resources Defense Council, the building trades and the Edison Electric Institute, among others, have all announced support for this bill. It's a new coalition for a new day.

There's a big opportunity in the months ahead to pass this legislation along with investments in communities that powered the United States over the last century. It's essential to make sure that nobody is left behind in the process of tackling these challenges and moving to clean energy.

This is the right approach for high-wage, high-skill jobs. This is the right approach for addressing the existential threat of the climate emergency. This is the right approach for promoting innovation and competing with companies in China and around the world. If the Congress doesn't work hard to create these jobs in America, other countries are going to grow at our expense.

I'm looking forward to discussing the Clean Energy for America Act today. And I want to thank our excellent witness panel for joining the committee.

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