Statement of Chairman Jeff Bingaman
Senate Finance Subcommittee on Energy, Natural Resources & Infrastructure
December 14, 2011
"Alternative Energy Tax Incentives: The Effect of Short-Term Extensions on Alternative Technology Investment, Domestic Manufacturing, and Jobs."

Good morning. Today's hearing examines "Alternative Energy Tax Incentives: The Effect of Short-Term Extensions on Alternative Technology Investment, Domestic Manufacturing, and Jobs."

Given the impending expiration of various tax provisions related to alternative energy and energy efficiency, this hearing could not be timelier. At least ten important provisions expire in a little over two weeks, and 2012 brings the expiration of at least five other energy provisions. Allowing these incentives to expire will negatively impact this country's ability to develop alternative energy resources.

In the past five years, alternative energy in the United

States has gone from a halting, uncertain industry to a young but rapidly growing sector of the economy.

We can attribute part of this success to several years of predictable and consistent government incentives. But overall, incentives for alternative energy are still primarily short-term, and manufacturers, developers and investors routinely face significant uncertainty surrounding federal policy.

One example of how inconsistent federal policy affects the energy industry is the Production Tax Credit. This credit supports a variety of alternative energy production, including wind, geothermal, refined coal, and nuclear, and has been allowed to lapse three times since its inception. Each time, installation of new wind energy dropped precipitously the following year: by 93 percent, 73 percent, and 77 percent.

Fossil fuel provisions offer an excellent example of a successful federal support structure. Predictable long-term incentives and aggressive research efforts helped build a global industry, and more recently have aided in discovering and accessing vast new deposits of oil and gas.

And those efforts have paid off: our oil-import dependence peaked in 2005 and is set to continue to decline in coming decades, and natural gas production continues to expand so much that the Department of Energy is now considering at least six natural gas export permits.

Despite the success of these conventional energy resources, several reasons exist for the U.S. to maintain and expand policies to aggressively diversify its energy resources. These include price stability, energy security, economic growth, and environmental concerns. We must employ an "all of the above" strategy for developing all energy resources, and craft focused and efficient tax policies that help get us there. If we fail to recognize and nourish emerging technologies and industries, we will invariably be picking winners and losers.

At today's hearing, we have a panel of expert witnesses who will help us consider three issues:

- First, to review the frequent short-term extensions and expiration of alternative energy tax incentives;
- Second, to understand how they have affected the alternative energy industry in the United States, the build out of manufacturing facilities, supply chain issues, and employment; and
- Third, if shortcomings exist, either with policy or process, how to address them in a meaningful and timely manner.

I look forward to receiving their testimony.

Senator Cornyn.

[Senator Cornyn’s remarks]

This afternoon’s hearing will consist of one panel. I would like to welcome the witnesses.

First is Dr. Molly Sherlock, an Analyst in Economics with the Congressional Research Service.

Next is Will Coleman, a Partner of Mohr Davidow Ventures, a venture capital firm.

Then we have Martha Wyrsch, President of Vestas American Wind Technology.

Next is Paul Soanes, President and CEO of Renewable Biofuels, based in Houston Texas.

Finally I would like to welcome Dr. Margo Thorning, Senior Vice President and Chief Economist at the American Council for Capital Formation.

I would like to ask our witnesses to limit their testimony to five minutes; your entire written statement will be included in the record.