

In the last day of votes before the October adjournment, Congress rallied to pass what I have considered one of our top priorities for this year: renewable energy tax credits. With a total of \$18 billion of incentives that were signed into law on October 3rd, I believe that these credits will truly help our country break its dependence on fossil fuels.

This summer's record energy prices demonstrated the danger of relying on petroleum to fuel our economy. It is imperative that we transition towards clean, renewable fuels that can be produced domestically. To that end, the bill includes:

- an 8-year extension of the tax credits for businesses and homeowners to install renewable equipment such as solar panels and wind turbines
- a one to three-year extension of tax credits for generating renewable energy from sources as diverse as wind, solar, and marine technology

It is clear that these incentives are essential to growth. The production credit for wind power has expired three times since 1999, and each time, new capacity has dropped to a quarter or less of the previous year's new capacity. If the credits had been allowed to expire again, it would have been at great detriment to the renewable energy industry, and at an estimated cost of over 116,000 jobs. By contrast, with support from the tax credits, installation of new solar and wind capacity doubled from 2006 to 2007. These tax credits, though, are not just about large-scale changes in energy use. Many provisions are specifically designed to help families make the transition to energy-efficient cars and homes that will reduce carbon emissions and save money over time.

For example, the bill:

- establishes a new credit for plug-in electric vehicles: \$2500 to \$7500 to use as credit against the alternative minimum tax (AMT)
- extends for 2009 a one-time, 10% tax credit of up to \$500 for qualifying energy-efficiency improvements for a home, such as adding insulation, replacing windows, or purchasing an energy-efficient water heater

Other provisions authorize \$800 million for clean energy bonds for states and localities to use renewable generating facilities and create incentives for carbon capture demonstration projects. In addition, all \$18 billion is fully paid for by closing tax loopholes that benefit profitable oil and gas companies. I believe that global warming is one of the biggest challenges of our times, and I have said before that I see energy as a national security issue. These credits will reduce greenhouse gas production, decrease our reliance on oil imports from unfriendly foreign nations, and ensure that when our domestic reserves are used up, we have well-developed alternatives. Finally, by enacting them, I believe that we will spur new investment and new opportunities, including for businesses and families in Western Massachusetts.

Sincerely,

John W. Olver
Member of Congress

