



March 28, 2014

The Honorable Ron Wyden, Chairman, Senate Finance Committee
The Honorable Orrin Hatch, Ranking Member, Senate Finance Committee
The Honorable Dave Camp, Chairman, House Ways and Means Committee
The Honorable Sander Levin, Ranking Member, House Ways and Means Committee

Re: Extension of Alternative Fuel and Vehicle Tax Credits

Dear Chairman Wyden, Ranking Member Hatch, Chairman Camp, and Ranking Member Levin:

Transportation Energy Partners (TEP), representing thousands in the clean transportation industry across the country, urges Congress to take action immediately to provide a five year extension of several critical tax incentives for the alternative fuel and advanced technology vehicle industry, many of which expired at the end of 2013. Extension of these important incentives will stabilize gasoline prices, decrease our reliance on foreign oil, and create American jobs.

Gas prices in America remain volatile and we continue to send more than \$1 billion *a day* to OPEC and other countries for oil. Meanwhile, China and other nations threaten to beat out the United States for leadership of the global clean energy market as we continue our struggle for economic recovery. More than 70 percent of the oil we import is used as our primary transportation fuel – as gasoline for our national fleet of 250 million cars and light trucks, or as diesel fuel for our 8 million heavy-duty trucks.

As you know, there is broad bipartisan support for the alternative fuel and vehicle tax incentives. These incentives have leveraged billions in private investment and unleashed American ingenuity and technology innovation to enable vehicles using electricity, natural gas, propane, biodiesel, ethanol, and hydrogen to take hold in the market place. According to the U.S. Energy Information Administration, there are now more than 1.2 million alternative fuel vehicles on the road in the United States and 29,000 alternative fueling stations.

In addition to enhancing our energy security, the clean transportation industry is also critical to the revitalization of our economy. According to a study by IHS Global Insight, natural gas contributed \$385 billion to our nation's economy in 2008 and supported more than 2.8 million American jobs. The natural gas industry estimates that, with the proper incentives, more than 1 million direct and indirect domestic jobs can be created through businesses that manufacture vehicles, construct fueling stations, and produce fuel. According to the Renewable Fuels Association, 200 ethanol biorefineries throughout the nation are helping to employ more than 400,000 Americans, largely in and around rural communities.

A recent economic study prepared by Cardno ENTRIX for the National Biodiesel Board indicates that if the biodiesel tax credit is extended, production will continue to increase and support more than 74,000 American jobs and \$7.3 billion in GDP by 2015. A study prepared by ICF International found that the growth in economic activity created by the tax credits will create between 30,000 and 42,000 net new jobs by 2016 in the propane industry. Finally, a recent study by the United Auto Workers and two national environmental organizations found that 155,000 of the 700,000 United States employees working directly for the auto industry are employed by over 300 companies in the supply chain for clean and efficient vehicle technologies.

Helping Clean Cities coalitions, and working toward American energy independence since 1999.

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Stability and predictability is needed in federal policies promoting alternative fuels and advanced technology vehicles to allow long-term planning and investment to occur efficiently by fleets. Unfortunately, in recent years we have seen numerous stop-and-go policies that have been characterized by: short-term one year extensions of incentives; policies that have expired and then are subsequently reenacted and made retroactive; and policies that lapse and are then reinstated.

The volatility and inconsistency of these policies create uncertainties that have a chilling effect on the very investment actions they are seeking to encourage. Vehicle and fuel use decisions by fleets are made with a long-term view. A period of stable policies will result in permanent changes to the transportation market, making government intervention ultimately unnecessary. Without certainty on these incentives, the industry will decrease investment, resulting in job losses and higher fuel costs for consumers.

For example, as Senator Baucus noted in a 2012 Senate Finance Committee hearing, the elimination of the biodiesel tax credit for 2010 resulted in a 42 percent decline in biodiesel production that cost the economy nearly 8,900 jobs. Reinstitution of the tax credit at the end of 2010 tripled biodiesel production to nearly 1.1 billion gallons in 2011. This record volume supported 39,000 jobs and \$3.8 billion in GDP, according to a recent study conducted by the international economics consulting firm Cardno ENTRIX.

Now is the time for Congress to maintain the nation's investment in clean, domestically produced fuels and vehicles. Congress should act immediately to provide a 5 year extension of the following tax incentives, in order to provide policy stability and certainty to investors in the broad array of domestic alternative fuels, vehicles and technologies.

- Tax credit that supports electric charging, natural gas, propane and biofuels infrastructure
- Tax credit for sellers of natural gas and propane
- Tax credit for producers of biodiesel and cellulosic biofuels
- Special depreciation allowance for cellulosic biofuel plant property
- Tax credit for conversion to plug-in hybrid vehicles
- Tax credit for purchases of alternative fuel vehicles (Maintain credit for electric vehicles and reinstate credit for natural gas and propane vehicles)

Every Member of Congress agrees that we should stabilize gasoline prices, reduce dependence on foreign oil, and create American jobs. Again, we urge you to act now to extend these tax incentives, which will help accomplish all three important national objectives.

Thank you for your consideration. Please contact me at 614-884-7336 if you have questions or want more information.

Sincerely,



Sam Spofforth

Transportation Energy Partners (TEP) is a national, non-profit policy and education organization that brings *Clean Cities* coalition leaders together with the clean transportation industry to advance policies that will reduce American dependence on petroleum-based fuels. Since 1993, the nearly 100 *Clean Cities* coalitions and their 18,000 stakeholders have played a leading role in implementing local programs and projects to deploy alternative fuels, vehicles, and infrastructure that has reduced petroleum consumption by more than 5 billion gallons.