February 13, 2018

The Honorable Orrin Hatch, Chairman, Senate Finance Committee
The Honorable Ron Wyden, Ranking Member, Senate Finance Committee
The Honorable Kevin Brady, Chairman, House Ways and Means Committee
The Honorable Richard Neal, Ranking Member, House Ways and Means Committee

Re: Extension of Alternative Fuel, Vehicle, and Infrastructure Tax Credits

Dear Chairman Hatch, Ranking Member Wyden, Chairman Brady, and Ranking Member Neal:

We are writing on behalf of the nearly 90 Clean Cities coalitions and their 15,000 stakeholders and partners nationwide to urge you to extend critical expired incentives for at least five years as part of a stable, growth-oriented tax strategy. Extension of these important incentives will help stabilize gasoline prices, decrease our reliance on foreign oil, and create American jobs.

Despite the recent drop in gasoline prices, they remain volatile and we continue to send *$135 billion a year* 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. More than 70 percent of the oil we import is used as our primary transportation fuel for our national fleet of 270 million vehicles.

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 1.5 million alternative fuel vehicles on the road in the United States and more than 60,000 alternative fueling stations.

In addition to enhancing our energy security, the clean transportation industry is also critical to our economic growth and global competiveness. There are more than 765,000 plug-in electric vehicles on the road. The global market for lithium ion batteries will grow from $3.2 billion in 2013 to $24.1 billion in 2023 and annual revenue from the infrastructure charging sector is projected to grow to $5.8 billion by 2022. The ethanol industry contributes about $42 billion to our nation's economy, including more than 340,000 American jobs. Biodiesel has grown into a 2 billion gallon per year industry with 124 plants across the country supporting more than 60,000 jobs.

There are about 200,000 propane-powered vehicles on America's roads, and a fleet of more than 12,000 propane-powered school buses is used to transport more than 700,000 children to school each day. The propane industry contributed $46.2 billion to U.S. gross domestic product and employed 53,964 domestic workers in 2015. The U.S. is the number one producer of natural gas in the world, and American businesses and consumers continue to embrace natural gas vehicles. Approximately 155,000 natural gas vehicles operate on America's roads today. These vehicles are supported by 1,800 fueling stations connected by 1.5 million miles of natural gas pipelines. Projections indicate that the transportation sector will consume 1.2 trillion cubic feet of clean burning, domestic natural gas by 2030 and that 50 percent of the light and heavy duty vehicle markets could be powered by natural gas by 2050.

Stability and predictability are 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.

Now is the time for Congress to maintain the nation's investment in clean, domestically produced fuels and vehicles. Again, Congress should act swiftly to provide a minimum 5-year extension of the following tax incentives 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

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 for at least five years, 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

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 90 *Clean Cities* coalitions and their 15,000 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 9.5 billion gallons.