Dear Senator,

We are writing on behalf of the thousands of leading investors, developers, manufacturers, and corporate energy consumers in the U.S. renewable energy sector to alert you to urgent concerns with the Base Erosion Anti-Abuse Tax (BEAT) provisions in the Senate Tax Cuts and Jobs Act. As drafted, the BEAT program would have a devastating, if unintended, impact on wind and solar energy investment and deployment.

While we are grateful that the Senate tax proposal leaves the current phase-down schedules for wind and solar energy tax credits unchanged, the bill’s BEAT provisions undermine our capacity to use renewable energy tax credits, which have value only if they can be monetized. For multi-national companies covered under the BEAT provisions, the renewable tax credits would, as drafted, be subject to a new 100 percent tax. Not surprisingly, major financial institutions have indicated that, under such a regime, they would no longer participate in tax equity financing, the principle mechanism for monetizing credits. The tax equity marketplace would collapse under these provisions, leading to a dramatic reduction in wind and solar energy investment and development.

It is important to note that, while the BEAT provisions are intended to promote U.S. investment and job growth, the program’s treatment of renewable energy tax credits – which are generated exclusively through investment in U.S. projects – would have the opposite impact, dramatically reducing American wind and solar energy investment and job creation. These sectors are important national economic drivers, generating nearly $50 billion in annual U.S. investment.

It is also extremely problematic that the BEAT provisions apply retroactively to tax credits generated by operating, as well as new, projects, and would penalize companies that have relied on the tax code. Companies holding tax credits would do their best to sell them immediately, even at great discounts, a phenomenon that would flood the marketplace and further damage tax equity markets. We do not believe it fair or appropriate for Congress to reduce the value of tax incentives that have been relied upon in good faith by investors and developers. Such a result is especially concerning in this case, given that the wind and solar power sectors agreed to the phasedown of their own tax credits as part of the bipartisan compromise captured in the PATH Act of 2015.

We respectfully, and urgently, ask that the BEAT program be amended to exempt the production and investment tax credits from the calculation of the base erosion tax, just as the research and development tax credit is exempted from the provision in the current draft. Please feel free to let us know if we can provide additional information regarding any aspect of this issue.

Sincerely,

Gregory Wetstone  
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American Council on Renewable Energy

Tom Kiernan  
CEO  
American Wind Energy Association

Heather Reams  
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Citizens for Responsible Energy Solutions

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