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## Wind Energy Tax Credits Given One-Year Extension (/full-blog/2013/01/wind-energy-tax-credits-given-one-year.html)

"American Wind Energy Association" (/full-blog?category=%22American+Wind+Energy+Association%22), "fiscal cliff" (/full-blog?category=%22fiscal+cliff%22), "wind energy development" (/full-blog?category=%22wind+energy+development%22), "wind energy tax credit" (/full-blog?category=%22wind+energy+tax+credit%22)



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By: Colby Khoshreza, Staff Member

Who doesn't like clean energy? It appears as though at least a portion of the GOP congressional delegation feels as though the wind energy tax credit is an unnecessary form of corporate welfare. The GOP led a recent protest to end the tax credit that provides assistance for wind energy development. The GOP's primary concern remains the same: the credit, which costs approximately 1 billion dollars per year, assists private wind developers but not the public and is an unnecessary subsidy in an era of rising and abundant production of natural gas.[1] While in uncertain territory for at least a portion of December 2012, the "fiscal cliff" deal reached by Congress and the President at the end of 2012 will extend the tax credit through 2013.[2]

The topic brought considerable debate in the 2012 Presidential election as the GOP adopted ending the tax credit into their platform.[3] Despite this move, governors, both Republican and Democratic, have begun calling for a long-term extension of the credit and have formed a bipartisan group of 28 governors who support the tax break.[4] The break, first signed in 1992 by President George H.W. Bush, supports developers of wind farms and companies that make turbines and parts that supply them.[5]

Argument by the GOP and coal/natural gas advocates that the credit doesn't benefit taxpayers seems to ignore the fact that power plants, the nation's top source of greenhouse gas emissions, continue to alter the climate and environment in dangerous and expensive ways. In addition, fossil fuel plants, including those that burn natural gas, add toxins to the air and oceans, prematurely killing thousands of people every year and boosting healthcare costs.[6] Even though natural gas is 35% cheaper than wind without subsidies, costs for wind energy have decreased 90% over the last two decades.[7] Clearly, more time is needed to develop this renewable energy source. The one-year extension keeps the subsidy alive but does not ensure that further wind energy development will be able to continue long-term. This short-term extension is likely to hinder long-term planning and project development. In reality, the credit needs a longer extension in order to provide the wind energy industry enough time to develop technology and efficiencies and compete subsidy free by 2018-2019.[8]

In the long run, the wind sector should be able to compete on their own; however, at the given time, this industry is too underdeveloped without having the advantages of the tax credit. Rather than ending the subsidy, a long-term assistance program that phases out the subsidy over time would be the ideal solution.[9] In fact, the American Wind Energy Association (AWEA) had proposed a six-year phase out credit, ending the subsidy at the end of 2019.[10] This would give the wind sector time to further develop and plan before the tax credit expires. Ending the credit prematurely is likely to stall advancements in wind as a renewable energy source and result in a loss of jobs.[11] In fact, AWEA estimated that 37,000 jobs would have been impacted if the tax credit had not been renewed at the end of 2012.[12] Given the one-year extension, jobs and wind advancement will be saved, at least temporarily. However, the debate will likely continue, as the wind sector will likely not be ready to compete without the credit as 2013 begins.

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[1] *A Breath of Stale Air from the GOP*, LOS ANGELES TIMES (Dec. 26, 2012), <http://www.latimes.com/news/opinion/editorials/la-ed-wind-energy-tax-credit-20121226,0,364449.story>.

[2] K. Kauffman, *Wind Energy Tax Credit Extension Part of "Cliff" Deal*, USA TODAY (Jan. 2, 2013), <http://www.usatoday.com/story/news/nation/2013/01/02/fiscal-cliff-wind-energy-extension/1804447/>.

[3] Riccardi Nicolas and Barnard Jeff, *Some Governors Call for Renewing Wind Energy Tax Credits*, THE SEATTLE TIMES (Nov. 15, 2012, 4:46 P.M.), [http://seattletimes.com/html/localnews/2019692110\\_winderedit16.html](http://seattletimes.com/html/localnews/2019692110_winderedit16.html).

[4] *Id.*

[5] *A Breath of Stale Air from the GOP*, LOS ANGELES TIMES (Dec. 26, 2012), <http://www.latimes.com/news/opinion/editorials/la-ed-wind-energy-tax-credit-20121226,0,364449.story>.

[6] *Id.*

[7] Steve Hargreaves, *Wind Industry OK with Giving Up Tax Credit*, CNN MONEY (Dec. 20, 2012, 11:18 A.M.), <http://money.cnn.com/2012/12/20/news/economy/wind-tax-credit/>.

[8] *Id.*

[9] Ehen Goossens and Christopher Martin, *Wind turbine installations soar as tax credit deadline looms*, TULSA WORLD (Dec. 25, 2012, 5:57 A.M.), [http://www.tulsaworld.com/business/article.aspx?subjectid=49&articleid=20121225\\_49\\_E4\\_ULNSit628138](http://www.tulsaworld.com/business/article.aspx?subjectid=49&articleid=20121225_49_E4_ULNSit628138).

[10] *Id.*

[11] *Id.*


[12] *Id.*

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