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By: Sean R. Courtney, Staff Member

The Wind Production Tax Credit (PTC) “was first enacted as part of the 1992 Energy Policy Act as a replacement for prior incentives for wind generation.” [i] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn1) The current tax credit is 2.3 cents per kilowatt-hour for ten years.[ii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn2) The PTC will expire at the end of 2013 for future companies wanting to enter the market.[iii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn3) The following provides arguments from both sides of the issue and gives an opinion on whether the tax credit should be renewed.

The Heritage Foundation, a conservative think tank, contends Congress should end the Wind PTC. [iv] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn4) It “threatens the long-term viability of the wind industry by focusing efforts on securing an extension rather than recognizing the true price point necessary to become competitive and innovative to achieve that goal.”[v] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn5) Since Congress had not extended the PTC in 2000, 2002, and 2004, the production of wind energy fell 93, 77, and 73 in the following years.[vi] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn6) The Wind PTC hurts taxpayers because extending the tax credit would amount to \$6.1 billion for one year and \$18 billion for five years according to the Joint

Committee on Taxation.[vii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn7) “The Wind PTC has already cost taxpayers billions, distorted energy markets, and misallocated resources toward politically favored energy sources and technologies.”[viii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn8)

Rob Gramlich, the American Wind Energy Association’s senior Vice President, wishes to extend the Wind PTC.[ix] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn9) He explained how the Wind PTC made the wind industry the “No. 1 source of new generation capacity last year.”[x] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn10) Most are made in the United States by about 550 plants throughout the country.[xi] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn11) Rural areas benefitted each year from approximately \$400 million in yearly property taxes and \$120,000 to farmers for the life of each wind turbine.[xii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn12) The Wind PTC only costs about \$2 billion for the year and generates in excess of \$20 billion in private investment and allows 15 million Americans electricity in their homes.[xiii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn13) He explained that uncertain policy hurts the wind industry and reiterated that Congress should extend the tax credit.[xiv] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_edn14)

The Federal Government should not subsidize private industries in any case. Generally, the only reason that industries need government subsidies is if they cannot thrive on their own. Thus, the Government subsidizes industries that will eventually fail when no taxpayer dollars come their way. This is no different with the wind sector. The Government should discontinue the Wind PTC and allow the free market to work. With a free market, taxpayers will benefit from cheaper energy costs and the energy industry can innovate without the threat of subsidized “losers.”

[i] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref1) Wind Energy Tax Credit Set to Expire at the End of 2012, U.S. Energy Information Administration (Nov. 21, 2012), <http://www.eia.gov/todayinenergy/detail.cfm?id=8870>

[ii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref2) Richard Rubin and Christopher Martin, IRS Sets Wind Tax Credit Regulations for 2013 Projects, Bloomberg (April 15, 2013 5:03 PM), <http://www.bloomberg.com/news/2013-04-15/irs-sets-wind-tax-credit-regulations-for-2013-projects.html>.

[iii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref3) Lauren Gardner, Energy Tax Credits Set To Expire Could Hurt Wind Farm Industry, Roll Call (Oct. 8, 2013 3:37 PM), http://www.rollcall.com/news/energy_tax_credits_set_to_expire_could_hurt_wind_farm_industry-228252-1.html.

[iv] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref4) Nielsa Loria, Let the Wind PTC Die Down Immediately, Heritage Foundation (Oct. 8, 2013), <http://www.heritage.org/research/ reports/2013/10/wind-production-tax-credits-ptc-extension>.

[v] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref5) Id.

[vi] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref6) Id.

[vii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref7) Id.

[viii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref8) Id.

[ix] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref9) Legislators Debate Survival of Wind Production Tax Credit, North American Windpower (Oct. 3, 2013), http://www.nawindpower.com/e107_plugins/content/content.php?content=12106.

[x] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref10) Id.

[xi] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref11) Id.

[xii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref12) Id.

[xiii] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref13) Id.


[xiv] (http://www.blogger.com/blogger.g?blogID=8202935745006855383#_ednref14) Id.

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631 SOUTH LIMESTONE, LEXINGTON, KY

40508 (859) 257-4747 BLOG.KJEANRL@GMAIL.COM ([MAILTO:BLOG.KJEANRL@GMAIL.COM](mailto:BLOG.KJEANRL@GMAIL.COM))