May 29, 2025

Senator Mike Crapo Chairman Senate Finance Committee 219 Dirksen Senate Office Building Washington, D.C. 20510

Senator Ron Wyden Ranking Member Senate Finance Committee 219 Dirksen Senate Office Building Washington, D.C. 20510 Congressman Jason Smith Chair House Ways and Means Committee 1139 Longworth House Office Building Washington, D.C. 20515

Congressman Richard Neal Ranking Member House Ways and Means Committee 1129 Longworth House Office Washington, D.C. 20515

Honorable Chairmen Crapo and Smith and Ranking Members Wyden and Neal:

Congratulations to all of you as the 119th Congress convenes and commences its work on behalf of the American people. As mayors, council members and county officials representing over 31,603,657 Americans across our country, we appreciate your leadership and look forward to working with you to help develop a tax code that spurs economic growth and creates well-paying American jobs, supports American energy independence and security, and helps create healthy and thriving local economies.

As you develop the framework of tax legislation, we, the 175 undersigned local leaders, urge you to prioritize the economic and energy future of our communities by preserving all clean energy tax credits available to state and local governments through elective pay (direct pay)¹. There are 13 tax credits available to state and local governments, including the qualified Commercial Clean Vehicles tax credit (45W), the Alternative Refueling Property Credit (30C), Clean Electricity Investment tax credit for solar, wind, and geothermal projects (48E), and more². Repeal, rollback or adjustment of any clean energy incentives will upend countless energy projects and jobs across our country, endangering millions of American jobs, increasing costs for everyday Americans, costing billions in taxpayer dollars, and potentially forcing American jobs overseas.

For the first time, state and local governments, as well as essential nonprofit community organizations – such as houses of worship, hospitals, and schools – can access the same clean energy tax credits as the private sector through elective pay. This has led to major projects in our communities like solar installations for town halls, alternative fueling infrastructure and charging stations for local government fleets of electric and alternative fueled vehicles, electric school

¹ Internal Revenue Service. *Fact Sheet: Clean Energy Tax Incentives: Elective Pay Eligible Tax Credits*. Internal Revenue Service.

² The 13 tax credits available to state and local governments include: 45Y, 48E, 48(e) 48E(h), 45Q, 45U, 48C, 45X, 45W, 30C, 45V, 45Z

buses, and more. After one year of direct pay implementation, over 1,200 organizations, including over 500 state and local governments, are already accessing these incentives³.

We are excited about these projects and the benefits they will bring to our communities. **However, as local leaders, we are concerned that repealing these clean energy tax credits could create economic uncertainty in our communities, as it would prevent us from accessing those important benefits**. The consequences of this repeal would raise energy costs by \$489 a year for families⁴, result in up to 97,000 net fewer American jobs⁵, hurt private sector investments, slow economic growth, and make the U.S. less globally competitive.

These tax incentives are not only significant for local governments, but are also essential to our residents and businesses:

- Eighty-five percent of announced investments⁶ and fifty-three percent of new clean energy jobs have benefited districts represented by Republican Members of Congress⁷ highlighting how these clean energy tax credits are benefiting all Americans;
- Over the past two years, companies have announced and advanced over 750 clean energy projects totaling more than 400,000 new jobs, over \$422 billion in investments across 48 states and Puerto Rico⁸; and,
- Overall, the IRA is projected to deliver \$2.7 trillion in net economic benefits from 2025 to 2035⁹. For example, Idaho is projected to receive \$15 billion of investments and create 6,700 jobs, and Oregon is projected to receive \$1 billion of investments and create 880 jobs¹⁰.

As local leaders, we look forward to working with you to preserve these vital tax incentives. We also ask that you consider us as partners in crafting bipartisan policies that ensure economic certainty, job creation, and a clean energy future for local communities. Thank you for your attention to this important issue.

³ U.S. Department of Treasury. 13 October 2024. <u>Remarks by Deputy Secretary of the Treasury Wally Adeyemo on Inflation</u> <u>Reduction Act Technical Assistance</u>. U.S. Department of Treasury.

 ⁴ King, Ben et all. 17 December 2024. <u>Trump 2.0: What's in Store for US Energy and Climate</u>. Rhodium Group.
⁵ Aurora Energy Research. 6 January 2025. <u>REMOVAL OF TECHNOLOGY-NEUTRAL CLEAN ENERGY TAX CREDITS</u> <u>COULD COST UPWARDS OF \$336 BILLION IN INVESTMENT, INCREASE ELECTRICITY BILLS 10% FOR</u> <u>CONSUMERS</u>. Aurora Energy Research.

⁶ E2. 14 August 2024. <u>Clean Economy Works: Inflation Reduction Act Two-Year Analysis</u>. E2.

⁷ Climate Power. 14 January 2025. *<u>The State of the Clean Energy Boom</u>*. Climate Power.

⁸ Climate Power. 14 January 2025. *<u>The State of the Clean Energy Boom</u>*. Climate Power.

⁹ DiGangi, Diana. 2 January 2025. *The IRA will deliver a fourfold return on taxpayer investment, says ACP*. Utility Drive.

¹⁰ Climate Power. 14 January 2025. <u>The State of the Clean Energy Boom</u>. Climate Power.

Sincerely,

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