

**Opening Statement**  
**Rep. Paul D. Tonko, Ranking Member**  
**Subcommittee on Investigations and Oversight**  
**Hearing on:**  
**The Impact of Tax Policies on the Commercial Application of**  
**Renewable Energy Technology**

**April 19, 2012**

Thank you, Chairman Broun and Chairman Harris for holding the hearing today on renewable energy tax credits. Although the legislation authorizing these incentive programs are not in our jurisdiction, it is good for this Committee to examine the subsidies that can influence markets in those technology sectors where we authorize research.

Here in the Science Committee we authorize the full suite of research, development, and technology demonstration programs that bring new ideas and new technologies forward. Many things fall by the wayside along that path, but even the most promising demonstrated technology still has to overcome many barriers to entry into the marketplace.

We have a long tradition of government support for business – particularly for the energy business. Government procurement, tax credits, government certification programs, patent and copyright laws, and public-private partnerships – all of these instruments and more have been used to help businesses get established and flourish.

We have a pressing need for an affordable, stable supply of energy. Renewable energy must move forward and become a larger share of our energy supply. The investment and production tax credits, the 1603 program, and the depreciation benefits for renewable energy properties are all needed to accelerate the entry into the market of renewable energy technologies, grow the domestic market for these technologies, and create jobs. I support these programs because they work. Some of them need to be expanded to promote wider applications of new energy technologies. A number of them need to be sustained for longer periods of time that are more appropriate to investment horizons than the Congressional budget cycle.

On April 15 last year, I introduced H.R. 1659, a bill to expand the existing credit for fuel cell motor vehicles to include industrial-use vehicles. The U.S. is currently the leader in the manufacture of fuel cell technologies. If we grow the domestic market, we will continue to lead in this area. But, if we withdraw our support, as we did with solar in the 1980s, we risk losing this manufacturing edge. In my former position with the New York State Energy Research and Development Authority, I saw how effective and essential state and federal investment was to the development of these businesses. The partnership between the federal and state government, universities, and entrepreneurs in New York is paying dividends in the form of jobs and energy.

I am very pleased to have Mr. Stephen Erby sit before the committee today. He is the Vice President of Monolith Solar Associates, which is a solar energy company from my district. Mr. Erby and his associates know first-hand the value of these tax policies to entrepreneurs. Starting your own business is not a task for the faint-of-heart. Convincing customers to try something new is difficult. But Mr. Erby and his partner, Mark Fobare, have achieved success and continue to create jobs and hire residents of the Capital Region. This is an economic success story that I would like to see repeated throughout the country. The 1603 program helped them to achieve success. It made the federal government a partner in job creation and deployment of solar energy in the northeast region. It put government on their side, not on their backs.

We need to make a sustained commitment to expand alternative energy production and to improve energy efficiency – the two most reliable ways to reduce our dependence on foreign oil, insulate ourselves from volatile fuel prices, and maintain a clean environment. We have relied on fossil fuels since the start of the industrial revolution, and we have invested a tremendous amount of taxpayer funds to support the oil, gas, and coal industries. Nuclear energy, the newer kid on the block, has received federal support for over 70 years. The oil industry has been in business since 1918 and made profits of over \$100 billion last year alone. And they will still receive over \$4 billion in subsidies each year. It is impossible to make a case for the necessity of maintaining this level of support for such a mature industry.

Renewable energy technologies must compete against the existing energy sources with federal support that constantly threatens to pull the rug out from under their feet. A move to renewable energy sources requires a similar level of support and commitment to the one we offered to oil and gas and the nuclear industry. The renewable tax credits we are examining today are working and need to be

continued. We talk a lot about supporting small business, having affordable domestically-produced energy, and a healthy environment. It is meaningless if we do not back the rhetoric with real resources.

I look forward to hearing from our witnesses today. It is unfortunate that we are only examining the tax provisions relevant to the renewable energy community. A fair evaluation of our tax policy requires a view of the entire energy tax landscape - including century old oil and gas tax breaks. I hope our colleagues on Ways and Means will move forward with a renewal of these important clean energy tax provisions so that companies eager to provide the market with clean energy technologies will have a fair chance to deliver them.