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Energy tax credits fall into doubt

The future of federal support for several burgeoning energy technologies fell into doubt Monday as Democrats and Republicans in Congress failed to reach agreement on maintaining and expanding subsidies for biofuels, electric vehicles and renewables. In recent days, Republicans and Democrats were working on a compromise that could have expanded tax credits for electric cars and other clean energy technologies, while extending the credit for biodiesel, which farmers and oil refineries want reinstated following its lapse at the end of 2017.

But on Monday evening, House Democrats released a bill without any such provisions, leaving energy companies little time to sway congressional leaders. "The window for getting this done is closing, and we're not hearing anyone is close to an agreement," said Paul Winters, a spokesman for the trade group National Biodiesel Board. Energy lobbyists had spent months trying to get their respective industry's tax credits expanded or extended as Congress debated next year's federal spending. House Democrats had pushed to expand credits for electric cars, which are currently capped at 200,000 vehicles per manufacturer — a limit Tesla and General Motors have already hit.

At the same time, they were pushing to extend tax credits for wind and solar energy, both of which are scheduled to wind down in the years ahead, while creating a new tax credit for energy storage such as large-scale batteries. But they faced opposition from Republicans, including President Donald Trump, who has called for an end to the electric vehicle tax credit. Rep. Kevin Brady, R-Woodlands, has long opposed so-called tax extenders, which are used to offer short-term tax relief to certain favored industries, as irresponsible fiscal policy that increases the federal budget deficit for the sake of political deal making. "'Business as usual' not acceptable for temp tax provisions (extenders)," he tweeted Monday afternoon. "Reforms required: make permanent those w/value, glide path out/end the rest." Expectations leading into the weekend were that Sen. Chuck Grassley, R-Iowa, chairman of the Senate Finance Committee, would support clean energy tax credits in exchange for Democratic support of extending the \$1 a gallon tax credit for biodiesel, a renewable fuel supply which converts oils made from corn and soybeans into diesel.