



- **Rhode Island** Gov. Gina M. Raimondo, Chair
- **South Dakota** Gov. Dennis Daugaard, Former Chair
- Executive Director, Larry Pearce

November 7, 2017

The Honorable Kevin Brady
Chairman,
House Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

The Honorable Richard Neal,
Ranking Member,
House Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

Dear Chairman Brady and Ranking Member Neal:

As governors who appreciate the economic development wind power offers to our states, we are writing to strongly oppose provisions in H.R. 1, *The Tax Cuts and Jobs Act*, that break the terms of the 2015 bipartisan *PATH Act*.

In 2015, Congress passed a 4-year phase-out of the wind energy Production Tax Credit (PTC) and Investment Tax Credit (ITC), and the business certainty created by the agreement has spurred important private investment and job creation in our states.

The terms of H.R. 1 would put that economic activity at risk, and would hurt families in our states.

The wind PTC has played an important role in creating thriving economies in factory towns and rural areas across the nation. It has added over \$143 billion in private investment in last ten years to the states' and nation's economy, and over 102,000 Americans now work in the nation's wind industry.

Many of those workers have new, 21st-century manufacturing jobs. Hundreds build wind turbine parts in Kansas. In Newton, Iowa, two wind factories brought back job opportunities after Maytag closed its doors and moved overseas. And in Rhode Island, the birth of American offshore wind power is creating the potential for an entirely new industry, and the jobs and supply chain that come along with it.

We agree with Congress on the goal of making the United States a better place to do business, and creating opportunities for American workers that go along with that. However, more than low tax rates are needed to create a vibrant business sector; perhaps above all else,

businesses need certainty. H.R. 1 creates significant uncertainty for an industry that added jobs nine times faster than overall economy last year, and that is an important part of our states' economies.

H.R. 1 retroactively redefines how wind projects can qualify for the PTC or ITC. It also ends the credit's inflation adjustment, reducing its value substantially. This significantly cuts the PTC's value and will render projects previously eligible for the credit ineligible, as businesses cannot go back in time to meet the new regulations. So although the [100-80-60-40](#) structure of the credit's phase down may have been left unchanged, clearly the PATH Act will be fundamentally altered under H.R. 1. If Congress proposes to extend the tax credit eligibility for nuclear plants, it should also extend the tax credit eligibility for offshore wind development that has the potential to create thousands of new jobs and a new American industry.

Changing the rules in the middle of the game is bad for business and will jeopardize over \$50 billion of private investment planned by industry under the existing phase-out terms.

Businesses that have already invested billions of dollars and signed factory orders and construction contracts under the current rules cannot go back and make different decisions to satisfy the new PTC and ITC qualification requirements. They also cannot recoup private investment made under the old set of rules. Projects that were once financially sound would be rendered economically unviable, and that means cancellations for factory orders and jobs lost. It will hurt workers at the plants in Kansas and Newton, and halt the offshore wind power industry before it has a chance to start.

For the sake of our constituents, we urge you to amend H.R. 1 to honor the deal made with this growing industry and keep in place the terms of 2015 PATH Act. That is what's best for the families and businesses in our states and across the country.

Sincerely,



Gina M. Raimondo
Governor of Rhode Island
and Chair



Dennis Daugaard
Governor of South Dakota
and Former Chair

cc:

Members, U.S. House of Representatives Committee on Ways and Means Members,
The Honorable Michael Mulvaney, Director, White House Office of Management & Budget
The Honorable Rick Perry, Secretary, U.S. Department of Energy
The Honorable Mike Catanzaro, Assistant to the President for Energy and Environment