

# Extension of Clean Energy Tax Incentives

## Clean Energy Tax Credits

Since their enactment, clean energy tax credits like the **Investment Tax Credit (ITC)** and **Production Tax Credit (PTC)** have helped the clean energy industry grow and expand across the country, creating hundreds of thousands of jobs in the process. These tax credits have helped developers gain access to the capital needed to build projects, spark innovation, and improve technology. Extension of these tax credits is a meaningful step that can be taken to drive down carbon emissions in the 116th Congress.

## Renewable Energy is Good for Birds and People

Clean energy tax credits have allowed the wind and solar industries to access the financial resources needed to get projects developed. This investment was important in early stages to allow the industries to mature quickly and become competitive with fossil fuels. In that short time, they have improved the efficiency and price of their technology, increased the share of carbon-free electricity powering our communities, and created a ripple of other benefits.

- **Job Creation:** At the end of 2018, the wind and solar energy industries supported over 111,100 and 334,900 direct jobs, respectively.<sup>1</sup> Beyond that, over 500 manufacturing facilities across 42 states employed over 24,000 US workers building wind-related parts and materials.<sup>2</sup>
- **Low Costs:** The average price of electricity over the life of solar and wind projects has sharply declined over the last decade. In 2018,

<< Found throughout North America's broad-leaf forests in summer, the **American Redstart** could lose half of its current breeding range.

## Audubon's Birds and Climate Change Report: 389 Species on the Brink

The changing climate poses a tremendous threat to the birds we love and the places they need. In October 2019, Audubon published *Survival by Degrees*, which found that **nearly two-thirds—389 out of 604 species—of North American birds** will lose more than 50 percent of their current range by 2080. However, if we limit warming to 1.5C, we significantly **lessen the risk of extinction for 76%—290 of 389—vulnerable bird species.**

To address our changing climate at the speed and scale birds and people need, we must advance meaningful policies that significantly reduce carbon emissions. This solution set includes building a grid **powered by 100% clean electricity.**

unsubsidized photovoltaic solar and onshore wind had average costs of \$43/MWh and \$42/MWh, respectively, compared to \$102/MWh for coal.<sup>3</sup>

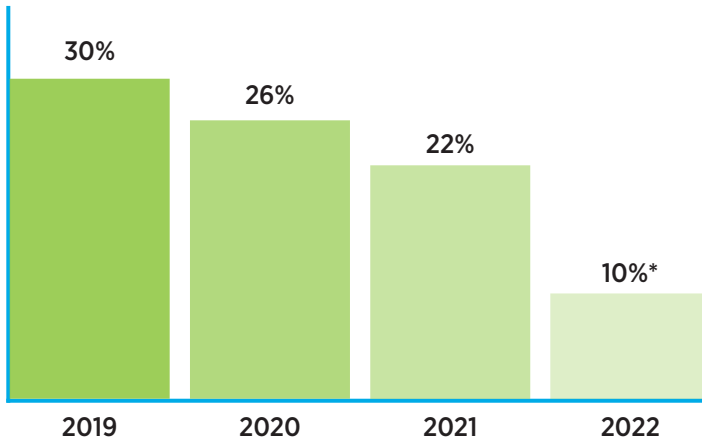
- **Local Economic Growth:** New renewable energy projects create economic benefits in the surrounding communities through job creation and tax revenue. About 70% of all US wind projects are located in low-income counties, which then benefit from the revenue from tax or land lease payments and new jobs.<sup>4</sup>

## Investment Tax Credit

**The Renewable Energy Extension Act of 2019 (H.R.3961/S.2289) proposes a five-year extension for the ITC at its full 30% value.**

The Investment Tax Credit (ITC) allows a person or business to deduct 30% of the cost of installing a solar energy system from their federal taxes. Facilities can claim the credit if they commence construction before December 31, 2019. After that, the ITC steps down each year, awarding a 26% credit for projects that commence construction in 2020, and 22% for projects that begin in 2021. In 2022, the commercial credit drops permanently to 10% while the residential credit expires completely.

**ITC Sundown Schedule**

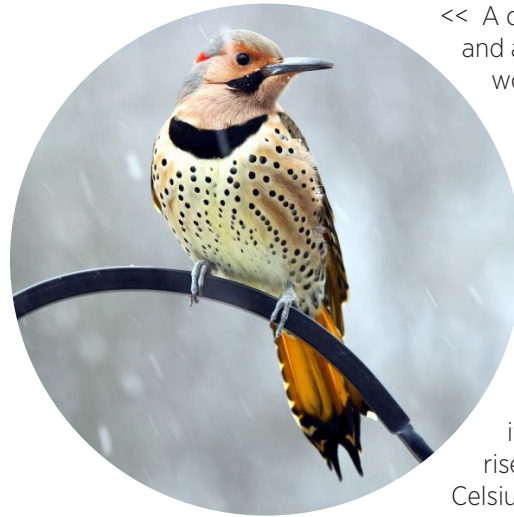


\*In 2022, the ITC expires for residential solar.

>> The raspberry-colored **Purple Finch** lives in coniferous and mixed woods, and can also be spotted at northern birdfeeders. At 3 degrees C of warming, these boreal forest nesters could shift farther north, moving into remote stretches of Canada and Alaska.



Photo: Purple Finch, male. Frances Higgs/ Great Backyard Bird Count.



<< A colorful and adaptable woodpecker that often feasts on ants on the ground, the **Northern Flicker** could disappear from almost one-third of its current breeding range if temperatures rise by 3 degrees Celsius.

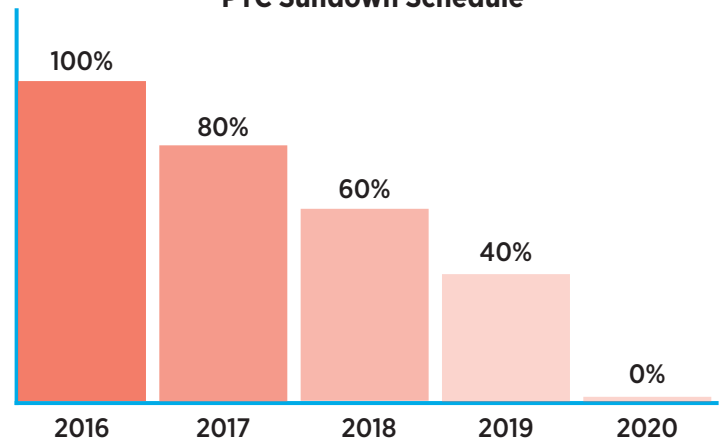
Photo: Northern Flicker. Elaine Davis/ Audubon Photography Awards.

## Production Tax Credit

**Current legislation (H.R.3301/S.617) proposes a one-year extension for a wind energy PTC, which would instead phase out by December 31, 2020.**

The Production Tax Credit (PTC) is a per-kilowatt-hour (kWh) tax credit for electricity generated using qualified energy sources such as wind energy. Facilities can claim the credit for ten years after being put into service if they commence construction by December 31, 2019 and complete construction within four years. Before December 31, 2016, projects earned a credit of 2.3 cents per kWh sold for the first ten years, and have since phased down 20% each year before reaching 0% on January 1, 2020.

**PTC Sundown Schedule**



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