



POLICY FOR ALL PEOPLE

March 25, 2019

The Honorable Dade Phelan, Chair  
Committee on State Affairs  
Texas House of Representatives  
Texas State Capitol  
Austin, Texas 78701

Chairman Phelan and Members of the Committee:

Thank you for the opportunity to submit these comments on HB 2908.

HB 2908 creates an important conversation about energy subsidies and the on-the-ground impacts of federal tax policy on state and regional energy markets. This conversation is a good thing. We encourage your committee, however, to elevate the discussion by abandoning the technology specific approach taken by HB 2908 in its current form.

There are dozens of federal tax incentives and benefits, across energy technologies, that contribute to price distortions in energy markets. A responsible discussion about state courses of action to correct these distortions in the electricity sector must examine any and all federal energy tax benefits and incentives that contribute – including benefits available to the natural gas, coal, and nuclear energy industries.

Singling out one particular energy source, like wind power, while ignoring the reality that other energy sources are also subsidized at the federal level is “picking winners and losers” in reverse. Penalizing one energy source for receiving federal incentives while ignoring the subsidies received by other energy sources will exacerbate the problem HB 2908 seeks to solve. I urge the committee to be cautious, and, to avoid negative unintended consequences, reject HB 2908 unless it is expanded to include all federal tax incentives that can distort electricity markets in Texas - regardless of source.

To assist this committee in making decisions using more complete information, I have attached a pre-publication draft of the forthcoming Rainey Center pocket guide to federal tax incentives

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and benefits for energy. The draft provides descriptions of and citations to numerous federal tax incentives and benefits available to natural gas, coal, and nuclear energy, some of which also contribute to price distortions in the Texas electricity marketplace. This draft is currently being reviewed by additional attorneys and policymakers. In response to feedback we have already received, we will be adding a section on renewable energy tax incentives to the final edition to make it a more comprehensive resource. We hope that it is helpful to you and your staff in its current form.

Finally, I would like to share with you a little about the Rainey Center. It is a post-partisan, 501(c)3 public policy research and leadership development organization led by and for women, minorities, and mavericks. The Rainey Center was named after Representative Joseph Rainey, a former slave who was the first African-American to serve in the United States House of Representatives. Our scholars – a group as diverse in ideology as they are in demographics – work in energy, technology, and national security policy. We are happy to provide additional research support to members of this committee upon request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sarah E. Hunt', with a stylized, flowing script.

Sarah E. Hunt  
Co-Founder and CEO  
Joseph Rainey Center for Public Policy