

ML Strategies Weekly Energy and Environment Update - Week of December 16, 2013

December 18, 2013 | Blog | By David Leiter

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By David Leiter, Sarah Litke, Jean Cornell, Bryan Stockton, Jordan Collins and Neal Martin

As we've been predicting, tax reform will not happen this year. With 2013 coming to a close, preparations are being made to resurrect the effort in 2014, and comprehensive reform looks as difficult for the coming year as it has been for this year. As a result, Representative Richard Neal (D-MA) said last week that extenders, and particularly energy-related tax extenders, could come up early next year. Senate Finance Chairman Max Baucus (D-MT) has also suggested the same thing. Chairman Baucus is expected to unveil tomorrow his energy tax concept paper, his proposal for reforming the energy section of the tax code.

Members of the House Sustainable Energy and Environment Coalition sent a [letter](#) to the House Ways and Means Committee December 16 calling for key energy tax provisions to be extended since broader tax reform efforts will not be finalized before the end of the year. Their list includes the renewable energy production tax credit, the investment tax credit, the 48C Advanced Energy Manufacturing Tax Credit, efficient home and appliance credits, and hybrid vehicle credits. Congressional tax writers had hoped to avoid an extenders package in favor of addressing the issues as part of a broader tax reform effort, but delays have clean energy advocates concerned. The same day, Senator Ed Markey (D-MA) was joined by 19 of his colleagues in sending a companion letter to the Senate Finance Committee.

In a December 9 letter, 68 advanced biofuel companies urged Senate Finance and House Ways and Means leadership to prevent certain tax credits from expiring at the end of the year. The groups promoted the Alternative Fuel and Alternative Fuel Mixture Excise Tax Credit, the Biodiesel and Renewable Diesel Fuels Credits, the Second Generation Biofuel Producer Tax Credit, and the Special Depreciation Allowance for Second Generation Biofuel Plant Property.

Before recessing for the holidays, and with the end of the year approaching, the House voted 350-69 to approve the National Defense Authorization Act and 332-94 in favor of the Ryan-Murray budget agreement. Both bills include energy and environment related topics. The NDAA includes compromise language on biofuels procurement while the budget deal increases overall spending and discretionary levels for agencies such as the Department of Energy. The Senate is focusing on these two bills this week, with passage of the budget imminent and the Defense Authorization Bill expected to be approved, as well as nominations before it also recesses for the holidays. Additionally, Senate Agriculture, Nutrition, and Forestry Committee Chair Debbie Stabenow (D-MI) said late last week that House and Senate agriculture leaders are close to finishing a final framework for the multiyear farm bill reauthorization, with the hope of having it ready to go in January. The current farm bill expired after fiscal year 2012, but Congress negotiated a one-year extension for it into the American Taxpayer Relief Act in January 2013. The House passed a one-month extension on December 12, but Senator Stabenow is hopeful that lawmakers will reach a final agreement before the price of milk is impacted.

For more on the latest energy and clean technology regulatory and legislative developments please see [ML Strategies'](#) most recent [Energy and Environmental Update](#).

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