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CONTACT: Ian Koski at 202-224-5042 or Ian_Koski@coons.senate.gov

Testimony of Senator Coons before Finance Committee on energy-finance legislation

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Thank you for the opportunity to speak before you and for holding today's hearing on this timely and important subject. As you consider principles for energy tax reform, I'm grateful for the chance to offer brief testimony on an element of the tax code that I believe could drive significant new investment in clean and renewable energy. Chairwoman Stabenow, I am particularly grateful to you, and to Senator Moran, for your collaboration and support of this effort.

There is little debate about America's potential to lead the world in clean energy development and deployment. We have unparalleled ingenuity. We are among the world's leaders in advanced clean energy technologies. But we are struggling to deploy these innovations—and missing out on the very real economic and sustainability opportunities they represent—in part, because of the absence of a reliable source of financing. To advance, our technology needs a catalyst — the catalyst of a clear, stronger regulatory and statutory structure that allows efficient access to long-term financing.

Today's energy market is largely defined by narrow profit margins and established technologies supported by low-cost, long-term financing. If clean and renewable sources of energy are to grow and compete in the American energy marketplace, and around the world as well, we have to make sure they are given a level playing field on which to operate.

The Master Limited Partnerships Parity Act of 2013, S.795, which I reintroduced in April with Senator Stabenow, Senator Moran, and Senator Murkowski would do just that. It is a strikingly simple, bipartisan bill that modernizes a section of our tax code, harmonizing it with the "all-of-the-above" energy strategy that so many of us have endorsed as the blueprint for energy independence and our energy future.

The Master Limited Partnerships Parity Act would allow clean energy projects to utilize MLPs, a beneficial tax structure that taxes a project like a partnership — a pass through — but that trades its interests like a corporate stock, a C-corp. This allows access to the liquidity of equity markets, prevents double taxation, and leaves more cash available for distribution back to investors. For the last 30 years, MLPs have given the natural gas, oil, and coal industries access to private capital at a lower cost, something other capital-intensive projects badly need. It is a well-developed, well-established financing vehicle. There are roughly a hundred MLPs at a market cap of about $450 billion at the moment.

The extension of access to this financing vehicle to a very wide range of renewable energy sources, energy storage, energy efficiency, and other options has the real potential to bring a significant wave of private capital off the sidelines and into the renewable energy marketplace. It would not only level the playing field, but would also increase access to low-cost capital for all energy sources in our marketplace.

Again, I am so thankful to Chairwoman Stabenow, to Senator Moran, and to Senator Murkowski for their tireless partnership in this effort and for working closely with me on this bill. Bipartisan companion legislation led by Congressmen Ted Poe, Mike Thompson, Peter Welch, Cory Gardener, and Chris Gibson—which is three Republicans and two Democrats—was reintroduced in the House at the same time as the Senate bill.

In summary, access to low-cost financing will define our nation's energy future. It will determine how, when, and which energy sources emerge as the central players in the American energy marketplace in the long term. I believe it's up to us to ensure that our vast supply of clean energy is a vital part of that equation. Thank you.

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