

Crapo Statement at Hearing on the Tax Code and the Energy Sector
April 27, 2021

Washington, D.C.--U.S. Senator Mike Crapo (R-Idaho), Ranking Member of the U.S. Senate Finance Committee, delivered the following remarks at a hearing entitled, "Climate Challenges: The Tax Code's Role in Creating American Jobs, Achieving Energy Independence, and Providing Consumers with Affordable, Clean Energy."

The text of Ranking Member Crapo's remarks, as prepared, is below.

"Thank you, Mr. Chairman, for holding this timely hearing.

"The tax code plays an important role in the economy and jobs in the energy sector.

"Energy incentives have the potential to grow our economy and create jobs, if executed properly.

"A number of energy-related policy areas have the potential for bipartisan agreement.

"While there are not a lot of specifics on President Biden's energy tax credits in the American Jobs Plan, he is clearly proposing to increase the corporate and international tax rate, and penalize the oil and natural gas industry through the tax code.

"We must understand the impact of this proposal on the 10.9 million American jobs in the oil and natural gas industries that pay on average seven times the federal minimum wage.

"I look forward to hearing from our witnesses their policy expertise and their understanding of how President Biden's proposals will either grow or shrink good-paying American energy jobs.

"Prior to the pandemic, the United States was experiencing one of the strongest economies in decades.

"With the Tax Cuts and Jobs Act in place, and an agenda focused on smart regulation, we saw progress for all Americans, including: record low unemployment rates for African Americans, Hispanics and others; 50-year lows in overall unemployment; robust wage gains skewed toward lower-wage earners; record high household incomes; and record low poverty.

"Considering offsetting the cost of energy provisions with a corporate tax rate increase or increasing international taxes, especially during a pandemic, is counterproductive and a non-starter on my side of the aisle.

“It will be increasingly challenging to return to an economy as robust as we saw before the pandemic with the endless streams of tax hikes and actions by the Administration such as revoking the permit for the Keystone XL Pipeline.

“The Biden Administration’s revocation of the Presidential permit for the Keystone XL Pipeline was shortsighted, and eliminated over 1,000 jobs, the majority of which were unionized.

“I am willing to work on constructive proposals to modernize and innovate our nation’s energy production, while not adversely affecting millions of good-paying American jobs and the existing energy sources necessary for a comprehensive, affordable and reliable domestic energy network.

“We should discuss ways to improve, and potentially expand, incentives to increase domestic energy production and manufacturing.

“However, it is important that we also consider the effectiveness of existing incentives.

“Congress should not be picking winners and losers every year when temporary credits expire. We must assess whether these credits continue to be necessary or whether they have served their intended purpose of incentivizing growth and investment.

“Yet, we continue extending credits of technologies that have achieved a significant market presence in the U.S., an inefficient use of taxpayer dollars.

“While I support Congress taking a neutral approach to energy tax credits, we must consider whether some of these technologies continue to require assistance and ensure we are designing the tax code to be fair and effective.

“Our tax code should incentivize technology-wide clean energy innovation, helping to bring breakthrough power generation to deployment until they can compete independently in the market.

“My technology-inclusive bipartisan energy tax proposal—the Energy Sector Innovation Credit, or ESIC—would accomplish this by working with experts at the Department of Energy, national labs and other stakeholders to target tax credits for innovative clean energy technologies.

“In addition, ESIC would implement a credit phasedown system based on market penetration, systematically reducing credits as technologies increase their market share, instead of allowing Congress to pick winners and losers.

“I thank Senator Whitehouse for leading this proposal with me in the Senate.

“Mr. Chairman, I look forward to working collaboratively with you through the Committee process to strengthen U.S. energy competitiveness by rapidly scaling and diversifying innovative clean energy technologies.”

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