

[REDACTED]
[REDACTED]
Energy Tax Reform Working Group
Rep. Kevin Brady and Rep. Mike Thompson:

Dear Sirs:

This comment is specifically referring to alternative energy tax credits. In general alternative tax credits should be stripped away (both future and retroactively) if they do not require the receiver of the credit to use the monies received to create or improve infrastructure. This is a simple but effective way to generate responsible use of the funds and to generate the return of the monies to the improvement of the hometowns and countrysides that generate them.

Energy Tax Credits as they now stand tend to have almost no regulation of how they are used. In effect that makes them a fund transfer mechanism that take tax funds and move them into private pockets both here and abroad.

One simple example will suffice to demonstrate this. Wind Capital Group, LLC started as a private company that whose goal was to develop wind energy installations. They did develop a few by themselves but then became partners and then wholly owned by NTR plc. On the surface this does not seem odd or problematic. But it is for two reasons.

First, Wind Capital did not seek to build its wind energy installations in the areas of the country that had the best wind resource in spite of difficulties of access or absence of transmission infrastructure. Instead they moved into Northern Indiana with the intent of harvesting wind energy in an area where the resource was at best only 24% effective because of already existing transmission lines and the ability thus provided to increase the profit share of the production tax credit. Had the simple infrastructure requirement been in place the work of Wind Capital Group would have been much more likely to have been in better wind resource areas of the country and the local residents would have gotten benefit from their tax money.

Second, when the NTR plc partnership and later total sale happened Wind Capital Group became a conduit for US tax funds to totally leave the US and flow into Ireland. This happened at a time (mid 2012) when Ireland's economy reached its worst. The result was that not only did the tax money do no good for the US but it left the Country and was not even available for some recovery through subsequent ordinary taxation.

Essentially, the tax money supported an industry that would not have stood on its own two feet otherwise and then failed to benefit the people who were originally taxed. This is a gross misuse of the money that is entrusted to the government through taxation and that should benefit those taxed. Rather than, as in this example, build wind installations whose blades turn to generate less than one quarter of the year please correct the credits so they do some good or eliminate them all together. Also be clear that if changes are made in the credits they should apply not only to the future but retroactively because the credits are ongoing and steadily costing money that does not exist in our present fiscal situation.

Sincerely,
Stanley Crum