Testimony of Morry Markowitz, President, Fuel Cell and Hydrogen Energy Association
Before the House Ways and Means Committee, Subcommittee on Tax Policy
Hearing on Post Tax Reform Evaluation of Recently Expired Tax Provisions
March 14, 2018

Chairman Buchanan, Ranking Member Doggett, and Members of the Subcommittee, my name is Morry Markowitz, and I am the President of the Fuel Cell and Hydrogen Energy Association.

The member companies that make up the Fuel Cell and Hydrogen Energy Association range in size from Fortune 100 companies, to small businesses and startups. We also count National Laboratories and other non-profits within our family. Our member companies currently employ tens of thousands of workers in the U.S. through manufacturing, maintenance, engineering and supply-chain support.

On behalf of our members, I am grateful for the opportunity to address the subcommittee on recently expired tax provisions. The expired provisions I will discuss today are vitally important to our industry and the future of clean transportation efforts.

My comments will focus on two items, the Fuel Cell Vehicle Tax credit, found in Section 30B, and the Alternative Fuel Vehicle Refueling Property credit, found in Section 30C.

Both provisions for fuel cells and hydrogen infrastructure were initiated by the bipartisan Energy Policy Act of 2005, and renewed by Congress. While these policies preceded market introduction of fuel cell vehicles, they sent a strong signal to private industry that the federal government was committed to help alleviate initial market barriers by providing consumer credits for zero emission vehicles and help industry comply with federal CAFE standards, and state mandates concerning ZEVs.

In the lead up to commercial offerings of these vehicles, automobile manufacturers and industrial gas companies have invested billions of dollars in fuel cells and hydrogen. Light-duty vehicles are being sold and leased in the marketplace today.

These investments and strategic decisions by automobile manufacturers are based on consumer preferences for vehicle convenience and performance. Namely, that fuel cells are the only ZEV platform now, or for the foreseeable future that replicates today's drivers experience of being able to travel 300-400 miles on a tank of fuel and refuel in 3-5 minutes. Fuel cells are scalable and can also be applied to any vehicle platform from subcompact, to SUV, to a full size bus, and even medium to heavy-duty trucks. These applications are being tested and commercialized.

In other words, fuel cell vehicles offer American consumers the option of Zero Emissions, Zero Compromises.

Unfortunately, the tax code is currently aligned to skew customer choice, by offering a tax credit for one ZEV technology and not another, as there is no fuel cell tax credit available to consumers interested in buying this important technology.

We believe that the best tax policy is one that is technology neutral. Because today's tax code favors one type of ZEV technology over another, we ask that you extend the 30B and 30C provisions in order to level the playing field. We ask for continuity of these credits, as the start and stop is disruptive and creates uncertainty for consumers and automakers in the marketplace.

You may ask why is this in the best interest of the American people? My answers are simple:

1. This American developed technology will enable us to transfer our transportation sector's use of foreign oil to total domestic production thanks to the fact that hydrogen can be derived from fossil fuels such as natural gas to renewables, keeping our national wealth here.

2. Keep America competitive. As the world moves to vehicle electrification, equal footing will not only send clear signals to consumers, but automobile manufacturers who make investment decisions many years before new models and platforms are introduced and will keep us competitive in the global marketplace.

3. Smart tax policy. A technology neutral approach will be simple, fair, and allow consumers more choice.

4. It will allow automobile manufactures to meet upcoming state, federal, and international mandates.

5. Cost will be modest, when weighed against the benefits. According to the Congressional Research Service, the historical costs of 30B and 30c since inception have been extremely small.

6. The 30C provision is important for the buildout of the necessary infrastructure to fuel the growing fleet of fuel cell vehicles.

In closing, we feel our industry is capable of great things, but we need to be able to compete on equal footing with other technologies, with an eye to always letting the consumer be the ultimate decider of our technology in the marketplace.

I am grateful for this opportunity, and look forward to your questions.