



May 26, 2021

The Honorable Ron Wyden, Chairman  
U.S. Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Mike Crapo, Ranking Member  
U.S. Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Chairman Wyden, Ranking Member Crapo, and Members of the Committee:

Taxpayers for Common Sense is a national non-partisan budget watchdog that has been working on behalf of the nation's taxpayers since 1995. The Clean Energy for America Act, scheduled for mark up today, would consolidate the current maze of energy tax extenders, which have picked winners and losers, distorted markets, and favored special interests for decades. The credits would be merged into new clean electricity, clean fuel, and energy efficiency categories.

**We applaud the Committee's proposal to eliminate fossil fuel subsidies.** However, the bill would continue to put taxpayers on the hook for subsidizing forms of energy that have already benefited from decades of taxpayer subsidies. We urge the Committee to oppose continued subsidies for bioenergy sources in particular that do more harm than good – for both the climate and taxpayers. Specifically,

- **Corn ethanol has no place in a clean energy package.** Resurrecting wasteful corn ethanol subsidies from the dead within a new Clean Fuel Production Credit would fail to achieve the Committee's goal of mitigating climate risks. The government has subsidized the mature corn ethanol industry for over four decades, and the federal Renewable Fuel Standard (RFS) already mandates annual corn ethanol consumption. The National Academies of Sciences<sup>1</sup> found that biofuels tax credits fail to significantly reduce greenhouse gas (GHG) emissions, and in some cases, may actually *increase* emissions – the opposite goal of this bill. The Senate voted a decade ago to eliminate the \$6 billion-per-year Volumetric Ethanol Excise Tax Credit (VEETC). The Committee should heed the Senate's intent. With commodity prices increasing as well, the government should not subsidize food-based-biofuels (including other corn- and soy-based biofuels), which increase food prices, distort markets, influence agricultural production decisions, and ultimately result in the loss of carbon-rich land such as grasslands and wetlands that are needed for climate mitigation.

---

1

[https://www8.nationalacademies.org/onpinews/newsitem.aspx?RecordID=18299&utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+nationalacademies%2Fna+\(News+from+the+National+Academies\)](https://www8.nationalacademies.org/onpinews/newsitem.aspx?RecordID=18299&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+nationalacademies%2Fna+(News+from+the+National+Academies))

- **Eliminate wasteful biodiesel subsidies.** The government already subsidizes the biodiesel industry in the form of a \$3 billion-per-year credit. The \$1-per-gallon credit artificially props up annual biodiesel production and subsidizes biodiesel derived from animal waste and used cooking oil, for instance, that would be economical without taxpayer support. If the credit is not ended (in all forms), billions more will be wasted on this mature industry.
- **Forgo new subsidies for other bioenergy.** Subsidizing other forms of biofuels and biomass in the proposed Clean Fuel Production Credits and Clean Electricity Production and Investment Credits would only waste more taxpayer dollars as well.
- **Reject calls for new sustainable aviation fuel tax credits.** They may only further subsidize food-based biofuels, which fail to significantly reduce GHG emissions while creating numerous unintended consequences.

When considering other parts of the bill, the committee should be careful to avoid some taxpayer pitfalls:

- **Time to trim wasteful carbon capture subsidies.** While proposals to scale back existing carbon capture subsidies are a step in the right direction, proposals to expand other credits to include them are unnecessary and wasteful. The existing 45Q credit, which needs an overhaul, already subsidizes carbon capture projects. Adding subsidies is unlikely to catalyze new projects, but rather allow the same projects to further cash in at taxpayers' expense.
- **Peeling back subsidies for the nuclear industry is the right move.** Taxpayers have supported the nuclear power industry and the nuclear fuel cycle for decades at great cost. Yet nuclear plants continually prove to be uneconomic. Forcing the market to embrace nuclear carries a high opportunity cost and peeling back existing subsidies is a smart savings. Efforts to allow nuclear facilities to claim other tax subsidies are equally unjustified.

The Joint Committee on Taxation (JCT) estimates that the Clean Energy for America Act would cost taxpayers \$215.5 billion over the next decade (FY22-31). This would be in addition to other trillion-dollar bills recently enacted for COVID-19 relief and yet more proposed for infrastructure and transportation. Eliminating fossil fuel incentives is expected to save \$24.5 billion, but the bill proposes huge spending increases on electric vehicles, alternative fuels, renewable electricity, manufacturing, and energy efficiency. Instead of wasting more on energy tax credits, Congress should invest in real, lasting climate solutions.

Sincerely,

Steve Ellis  
President