



April 29, 2020

Chairman Redfield and Revenue Interim Committee members,

Northern Plains Resource Council is a grassroots conservation and family agriculture group founded in 1972. Members of Northern Plains Resource Council have long supported energy policies that remove barriers to renewable energy and energy efficiency adoption in Montana; the alternative energy systems tax credit and credit for energy conserving expenditures before the Revenue Interim Committee for review today are no exception. Northern Plains promotes clean energy and efficiency for Montana based on the belief that common-sense energy policy can keep energy costs down and bring greater prosperity to Montana communities.

We fully support these tax credits and deem both essential and useful for the people of Montana. Based on the information available and the thorough research completed by the Montana Legislative Services Division, we urge this committee to make no changes to either of these credits.

Alternative Energy Systems Credit

Today this committee is asked to discuss the purpose of this credit and its relevance to public good. As stated in the ALTERNATIVE ENERGY SYSTEMS CREDIT evaluation prepared by legislative services, the history of the alternative energy tax credit shows that the purpose of this tax credit does not rest solely in the category of “incentives”. In fact, much of the implicit purpose throughout time relates to keeping air cleaner and using more efficient heating and energy systems. Clean air is undoubtedly a public good.

We would also like to note the number of Montanans who receive the alternative energy tax credit remained at ~1,000 for the past 5 years according to the data provided by the Department of Revenue.¹ Such consistency is proof of statewide interest and need.

Moreover, the alternative energy industry is a local job creator. Changing the tax incentive structure could disrupt this industry at a time when jobs and economic development are more important than ever. On a national scale, the solar industry (which among our membership is the most common reason folks apply for the alternative energy systems credit), employed 335,000 workers in 2018.² The job creation benefits of solar are noteworthy when one considers solar’s relatively modest contribution to electricity generation portfolios at this time.

¹ Pg.11. <https://leg.mt.gov/content/Committees/Interim/2019-2020/Revenue/Meetings/March-2020/Tax-Credit-Review/alternative-energy-system-credit-evaluation.pdf>

² <https://www.forbes.com/sites/energyinnovation/2019/04/22/renewable-energy-job-boom-creating-economic-opportunity-as-coal-industry-slumps/#6917fd543665>



In closing, we believe the modest benefit the alternative energy systems tax credit provides to individuals is small investment resulting in spurred economic development, more support to local businesses, and an increased work force in the alternative energy industry. A recent study by the BW Research Partnership found that more than 106,000 renewable energy and energy efficiency workers in the U.S. lost their job in March 2020 due to the COVID-19 economic crisis. More job losses are anticipated in April. Prior to the downturn, this industry had been one of the nation's fastest growing sectors at the start of this year.³ It is critically important that this tax credit remain unchanged in Montana to allow for the recovery necessary.

Credit for energy conserving expenditures

It is well understood that energy efficiency is the least cost energy; it is less expensive to reduce your energy needs than to buy a unit of energy, no matter how it is generated. We commend the Montana DEQ for providing taxpayers with educational materials and resources on energy efficiency and the credit for energy conserving expenditures. Energy conservation keeps electricity and gas costs down for the average Montanan, freeing up financial resources to be invested in Main Street businesses, education, and/or other household priorities. Meanwhile it also supports good paying jobs for contractors HVAC, insulation, and more.

For most people, the barrier adopting energy conservation measures for their home or business is up-front cost. This tax credit begins to address this issue and makes energy efficiency a more plausible option for everyday Montanans. Given the jobs that directly result from pursuing more efficient energy practices, there is also a case to be made that the credit for energy conserving expenditures serves the public good.

Thank you for your consideration.

Sincerely,

Ed Gulick

Northern Plains Clean Energy Task Force Chair

³ <https://e2.org/wp-content/uploads/2020/04/Clean-Energy-Jobs-Initial-COVID-19-Memo-Final.pdf>