April 15, 2013

Addressed to the governors of: Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Indiana, Kentucky, Louisiana, Mississippi, Nebraska, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, West Virginia, Wyoming

Dear Governors:

We write to urge your opposition to extending the decades-old federal wind Production Tax Credit (PTC) again this year. As governor of a state that has chosen not to mandate the production of electricity from unaffordable, unreliable sources of electricity, you should be aware that the PTC essentially taxes your constituents to subsidize taxpayers in states that have imposed such mandates. The result of this unfair policy is that states who have elected to require the use of more expensive forms of energy are being subsidized by your state, as well as the twenty other states that do not have such a mandate.

Under the structure of the federal wind PTC, the bulk of the $12.1 billion-per-year tax credit flows to those states that have the most wind generation capacity, which happen to be states with renewable electricity mandates. In these states, the PTC both artificially lowers the cost of electricity by subsidizing certain types of power, and also functions to disguise the true cost of the renewable energy mandate. This cost is significant—with the wholesale price of electricity frequently in the range of 2.5 to 4.5 cents per kilowatt-hour, the 2.3 cents per kilowatt-hour PTC can give wind producers a credit worth half or more of the total price of their product.

Unfortunately for non-renewable mandate states like your own, having this one-size-fits-all federal policy means that your constituents pay disproportionately for a lavish tax credit that does not benefit them. Instead of helping your constituents, the PTC leads to energy production in other states that is unsustainable without the mandates and federal subsidies. Under the wind PTC, non-renewable mandate states like yours — which has wisely chosen to allow the most affordable and reliable forms of energy to be purchased by consumers and industries — are penalized for the political decisions of states like California, Massachusetts, and New York. If people in those states want more expensive energy, they should be willing to pay for it, rather than expecting your citizens to pay for their folly.

Reliable, affordable, and 'always on' electricity is critical to get our economy back on track. By taking a principled stand against the PTC, you help taxpayers in your own state and ensure more cost-effective electricity generation overall. We urge you to call for an end to this wasteful, inequitable subsidy immediately.

Thank you for your consideration of this request.

Sincerely,

Thomas J. Pyle
President
American Energy Alliance

Michael Needham
Chief Executive Officer
Heritage Action

Myron Ebell
Director
Freedom Action

Wayne Brough
Chief Economist and Vice President of Research
FreedomWorks

Marlo Lewis
Senior Fellow
Competitive Enterprise Institute

David Ridenour
President
The National Center for Public Policy Research

Eli Lehrer
President
R Street Institute

Phil Kerpen
President
American Commitment

Sabrina Schaeffer
Executive Director
Independent Women's Forum