



Representative Earl Blumenauer (D-OR)

Small Wind Turbine Tax Credit

Sec. 104 of the Energy Improvement and Extension Act of 2008 (as included in H.R. 1424)

The Emergency Economic Stabilization Act of 2008 included a provision that creates a tax credit for the purchase of small wind turbines. The provision is based on H.R. 1772, the Rural Wind Energy Development Act, introduced by Rep. Blumenauer in 2007.

WHAT DOES THE SMALL WIND TAX CREDIT DO?

The Small Wind Tax Credit would help individuals – homeowners, farmers, and small businesses – offset the upfront costs of owning a small wind turbine. It provides a 30% investment tax credit for small wind systems, which are defined as having a capacity of not more than 100kW. The legislation accomplishes this by extending Sec. 48 (a) of the tax code to small wind turbines for the first time.

WHY IS THIS LEGISLATION NECESSARY?

Wind energy is a pollution-free energy source that provides an increasing percentage of the nation's electricity. With continued encouragement from the Federal government to help level the playing field, small wind energy can help achieve our goals of reducing our reliance on foreign oil and reducing greenhouse gases while at the same time revitalizing farms and rural communities. There is currently no federal support specifically for small wind systems. The federal Production Tax Credit (PTC) applies mostly to large utility-scale wind projects generating power for 3rd parties, not to individuals who want to install their own wind systems for on-site power. An investment tax credit for small wind systems will help provide stability and certainty for the industry to make the necessary investments to grow. A similar investment tax credit for residential solar systems led to an increase of more than 20% in installations over the last year.

WHO WOULD BENEFIT FROM THIS LEGISLATION?

- Consumers: Small wind turbines are in demand, but the high upfront cost of installation is a barrier for homeowners and businesses wishing to install them. The cost of a turbine large enough to power a whole home is usually around \$30,000.
- Farmers: Wind energy helps diversify farm income for farmers, ranchers, and other landowners by allowing them to sell some of the energy back to the grid.
- The environment: Wind turbines are pollution-free. Wind-power produces no harmful greenhouse gas emissions, involves no environmentally damaging natural resource extraction such as mining or drilling, and does not need fuel imported from foreign governments.
- The economy: An investment tax credit will give consumers an incentive to purchase and install small wind systems, leading to increased sales and lower costs. Each megawatt of wind provides 2.5-3 job-years of employment and every 10 turbines installed about means about 1 skilled O&M job. Diversifying the nation's power supply will make us less vulnerable to the volatility in price and availability of other sources of energy.

WHO SUPPORTS THE RURAL WIND ENERGY DEVELOPMENT ACT?

- ✓ The legislation is supported by the American Wind Energy Association, the Apollo Alliance, the American Corn Growers Association, and other environmental and renewable energy organizations.
- ✓ H.R. 1772 is co-sponsored by 79 members.
- ✓ In the Senate, a similar bill was introduced by Sens. Salazar (D-CO), Craig (R-ID), Murkowski (R-AK), and Dorgan (D-ND).

For more information on the Small Wind Tax Credit, please contact Janine Benner in the DC office at (202) 225-4811 or Hillary Barbour in the Portland office at (503) 231-2300, or check out our website at <http://www.blumenauer.house.gov/>.

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