

WASHINGTON – U.S. Rep. Harry Mitchell today expressed his frustration at the Senate's continued failure to extend key solar energy tax credits and renewed his call for Speaker Nancy Pelosi to include the tax credits in the next economic stimulus bill. Today, the Senate defeated a move to consider vital legislation to extend the tax credits. The measure failed by a vote of 51-43, falling short of the 60 votes needed to advance the bill.

"The future of Arizona's economy, and our ability to become energy independent, depends on the solar energy tax credits," said Mitchell. "We have heard from Arizona's solar industry that Solana will not happen without this tax credit."

Solana is the 280-megawatt solar energy facility which is scheduled to be built by Abengoa and Arizona Public Service. The project's future rests on whether Congress extends the tax credits which are set to expire in December 2008.

"The fate of Solana is in the hands of the investment tax credit," said Steven Gotfried, a spokesman for Arizona Public Service. "With that investment tax credit, a future with renewable energy becomes a reality. And without it, it puts it in jeopardy." Gotfried added that the project is estimated to produce over 1,500 jobs and produce over \$4 billion worth of energy over the next 30 years. [Source: Politico, July 30, 2008]

With this investment tax credit in jeopardy, Abengoa officials have already begun looking for alternative locations outside of the U.S.

"This would be a tremendous loss for Arizona," Mitchell added. "At a time when our economy is hurting, we should be doing what we can to keep projects like Solana here to help stimulate our local economy."

Earlier this month Mitchell urged House Speaker Nancy Pelosi to save the 30 percent investment tax credit for solar energy. The House has repeatedly passed legislation to extend the solar tax credit.

In May, the House passed H.R. 6049, the Renewable Energy and Job Creation Act of 2008. This legislation would:

- Extend a 30 percent investment tax credit for solar energy property for six years until 2014. This legislation would repeal a current provision that prohibits public utilities from claiming the investment credit. This tax credit can be used to offset the Alternative Minimum Tax.
- Extend the residential solar property tax credit for six years until 2014 and increase annual cap to \$4,000 from \$2,000. This tax credit can be used to offset the AMT.

Below is the text Mitchell's letter. A PDF copy of the letter is available upon request

July 14, 2008

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  
U.S. Capitol Building, H-232  
Washington, DC 20515

Madam Speaker:

As you consider a second economic stimulus package, I urge you to consider including an extension of the 30 percent investment tax credit for solar energy. As you know, this critical solar tax credit is scheduled to expire at the end of 2008.

Today we face not only a weakening U.S. dollar, but families are also being hit hard at the pump with record-breaking gas prices.

I believe we have a real opportunity to brighten our future by investing in solar energy. Producing solar energy will not only decrease our dependence on foreign oil, but large-scale solar projects will also stimulate our economy by creating jobs and boosting local commercial development.

In Arizona, we're lucky to enjoy more than 300 days of sunshine a year. Investing in solar energy is vital to Arizona's economy.

Recently, Abengoa Solar and Arizona Public Service announced exciting plans to develop the

Solana Generating Station, a 280-megawatt solar-thermal energy plant in southwestern Arizona. This would be the world's largest solar power plant.

Solana will not only be a leading source of emission-free electricity, but it will also spark significant economic development for Arizona.

The construction of Solana will create more than 1,500 jobs. Moreover, the economic development impact from this Solana is expected to exceed \$1 billion.

However, the largest obstacle to large scale energy projects like Solana is the potential expiration of the 30 percent investment tax credit for solar energy. Both Abengoa and Arizona Public Service executives have candidly stated that "Solana will not happen" without the extension of essential solar tax credits.

While the House has considered several measures to extend this 30 percent investment tax credit, the Senate has yet to pass this critical legislation.

Under your leadership, this Congress has already taken unprecedented action to move stimulate our economy and move our nation toward energy independence. I urge you to move one step further by including the extension of the 30 percent investment tax credit for solar in the upcoming stimulus package.

Sincerely,

Harry E. Mitchell  
Member of Congress