

LES AUCCOIN  
1ST DISTRICT, OREGON



CONGRESS OF THE UNITED STATES  
HOUSE OF REPRESENTATIVES  
WASHINGTON, D.C. 20515

October 8, 1981

Dear Colleague:

Current provisions of the Windfalls Profit Tax Act are seriously undermining state and local efforts to become more self-reliant and efficient in energy use.

Under the Windfall Profits Tax Act, individuals and businesses who receive subsidized energy financing through a state or local program cannot qualify for the existing federal conservation and energy tax incentives.

We are offering a solution to this problem in our bill, H.R. 4146, and invite your cosponsorship. Our bill would:

- \* Allow individuals who receive subsidized financing from state or local agencies for residential conservation or renewable energy improvements, to qualify for the federal residential energy tax credit.
- \* Allow businesses that receive subsidized energy financing through a state or local program financed by industrial development bonds, to qualify for the energy investment tax credit, without penalty.
- \* Relieve state and local governments of reporting requirements imposed by the federal government to enforce the tax credit ban.

Persons who receive a low-interest energy loan from their utility company are free to claim a federal tax credit of up to 40%. Our bill would simply extend equal treatment to participants in state and local loan programs.

Limitations in the current law have been a major stumbling block for state and local programs. These programs are badly needed to provide the capital to people who might not otherwise be able to afford energy-saving improvements. At least 15 states - including my own State of Oregon - offer low-interest loans for conservation and renewable energy improvements. Many people are discouraged from participating in these loan programs when they learn they are not able to claim the federal tax credits.

As you know, the President is reviewing tax code revisions that may eliminate residential and business energy tax incentives. We strongly feel that such incentives are effective in encouraging energy conservation and the development of renewable energy resources and must be continued. The revenue impact of H.R. 4146 would be limited by not allowing anyone to take a federal tax credit over and above an energy grant or a subsidized loan from the federal government.

Energy conservation and the development of renewable resources are a vital component of our domestic energy security strategy. We must not become complacent about the availability of energy supplies in light of the present oil glut. We are still heavily dependent upon imports from politically unstable nations and remain vulnerable to supply interruptions. The international oil market is no more stable now than it was during the 1973 Arab Oil Embargo and the 1979 Iranian Revolution. Let's not forget the painful lessons learned in these years.

Let's support state and local governments in their efforts to stimulate energy conservation and the development of renewable energy sources and encourage other states and localities to do the same. If you are interested in cosponsoring H.R. 4146 or would like additional information, please contact Denise Bell at X50855.

  
JOE HEFNER  
Member of Congress

Sincerely,  
  
LES AUCCOIN  
Member of Congress