



May 10, 2021

The Honorable Chairman Wyden
The Honorable Ranking Member Crapo
Senate Committee on Finance
Attn. Editorial and Document Section
Rm. SD-219
Dirksen Senate Office Bldg.
Washington, DC 20510-6200

Re: Senate Committee on Finance Hearing on “Climate Challenges: The Tax Code’s Role in Creating American Jobs, Achieving Energy Independence, and Providing Consumers with Affordable, Clean Energy” Hearing April 27, 2021 – 10 AM

Dear Chairman Wyden and Ranking Member Crapo:

The American Chemistry Council (ACC) represents the leading companies engaged in the business of chemistry. ACC member companies apply the science of chemistry to create and manufacture innovative products that make people’s lives better, healthier, and safer. The business of chemistry is a \$565 billion enterprise and a key element of the nation’s economy. Over 25% of U.S. GDP is generated from industries that rely on chemistry, ranging from agriculture and automotive to semiconductors and electronics, textiles, pharmaceuticals, and building and construction. Materials and technologies from our industry are used to create solutions that enhance sustainability, including electric and fuel-efficient vehicles, wind turbines, solar panels, advanced batteries, and energy-efficient building materials.

To fight climate change, we call upon Congress to enact legislation that will:

- Increase government investment and scientific resources to develop and deploy low emissions technologies in the manufacturing sector;
- Adopt transparent, predictable, technology- and revenue-neutral, market-based, economy-wide carbon price signals; and
- Encourage adoption of emissions-avoiding solutions and technologies throughout the economy to achieve significant emissions savings.

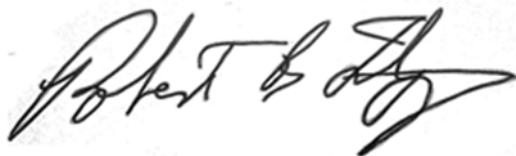
More specifically, ACC appreciates the opportunity to submit comments in response to the Committee's hearing in late April concerning use of the tax code to combat climate change. We approve of all approaches that support U.S. competitiveness and recognize contributions from the products of chemistry to avoid greenhouse gas emissions – including use of the tax code.

To that end, ACC has several suggested proposed changes to the tax code. These include:

- Temporarily extend and expand the Section 48C clean energy manufacturing tax credit and ensure it includes a broad range of technologies, including those that are nascent.
- Increase the value of the Section 45Q tax credit for Carbon Capture Utilization and Storage, extend the start of construction date to 2031, and lower the volume threshold.
- Establish a technology-neutral incentive for production of low-carbon hydrogen.
- Temporarily extend and expand the Section 25C and Section 45L tax credits to promote energy efficient construction and home energy efficiency retrofits in a technology-neutral manner.
- Simplify the cost recovery for energy-efficient building improvements, for example, by enacting the E-QUIP Act and/or enhancing the Section 179D tax deduction.

We are encouraged that many of our suggestions were the topic of the hearing in late April. We look forward to continuing our engagement regarding such changes.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert B. Flagg". The signature is stylized and cursive, with a long horizontal stroke at the end.

Robert B. Flagg
Senior Director, Federal Affairs
American Chemistry Council