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The Senate Finance Committee recently released a new proposal to overhaul some energy provisions in the tax code in the United States. The staff discussion draft, introduced by Finance Committee Chairman Senator Max Baucus (D-MT), aims to streamline regulations imposed on energy companies and discontinue a number of key tax credits available to them. The proposal is one of a series of discussion papers prepared by committee staff incorporating ideas from both Republican and Democratic members of the committee and is intended to stimulate discussions on reforming America's tax code.

There are currently 42 energy tax incentives written into the U.S. tax code. Under the proposed regulations that number would be significantly reduced. The new regulations make four main proposals. First, the new code would consolidate almost all of the preexisting energy tax credits into two new credits. Next, it would make the timelines for the two new incentives longer, thereby instilling confidence in potential investors and businesses. And finally, the new rules would establish a new, technology-neutral tax credit for domestic production of clean energy and for domestic production of clean transportation fuel.

Sources: E&E News, Senate Committee on Finance
