



# Committee On Finance

Max Baucus, Ranking Member

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## NEWS RELEASE

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## **BAUCUS BILL TO BUILD ON CURRENT ENERGY RESEARCH PROPOSALS, EXPAND TAX INCENTIVES FOR PRODUCERS AND USERS OF NEW FUELS**

*Senator will introduce second of seven bills on American competitiveness tomorrow;  
says independent, well-funded effort to end oil dependence is essential to economic stability*

**Washington, DC** – Legislation to be introduced tomorrow by U.S. Senator Max Baucus (D-Mont.), Ranking Democrat on the Senate Finance Committee, will build on current legislative proposals to create a new energy research agency, and will also extend important tax incentives for producers and users of alternative fuels. The Energy Competitiveness Act of 2006 will create an Advanced Research Projects Agency for Energy (ARPA-E) as recommended by the Committee on Prospering in the Global Economy of the 21<sup>st</sup> Century and as other legislative proposals would do. The Baucus bill will provide more independence, more funding, and more influence for this new agency meant to conduct transformative, out-of-the-box energy research and break America's dependence on oil and other nonrenewable fuels. The Energy Competitiveness Act will also extend a number of tax incentives first created by the 2005 energy bill to encourage the development and use of alternative energy strategies. Baucus says creating a stable energy future for the U.S. is a vital step toward ensuring economic competitiveness for future generations.

**“Americans use gasoline and coal at staggering rates, and there’s real uncertainty about the security of our oil supply long-term. Prices for gasoline, heating oil, electricity and natural gas have risen already to levels unimaginable a few years ago,”** said Baucus. **“Working families are hit hard by energy costs now. Energy costs hamper the ability of large and small American businesses to stay afloat, much less turn a profit. What will the fate of those businesses be, and of the American workers who need their jobs, in 10 years, or 20, if Congress sits back and does nothing about our energy addictions?”**

Full language of the Energy Competitiveness Act of 2006 will be available upon its Thursday introduction. The agency creates ARPA-E outside of the Department of Energy, instead of inside the Department, to maintain the agency's independence as it pursues new energy strategies. In keeping with the urgency of the task, the Baucus bill says the Director of ARPA-E would be appointed by and report directly to the President. Perhaps most importantly, the Energy Competitiveness Act ramps up funding for ARPA-E to \$2 billion by 2011. Other provisions of the Baucus bill will specify a high number of technical staff at ARPA-E, and a salary mechanism that will allow the agency to attract the best researchers in America.

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**“If we want ARPA-E to ‘go for it’ and really get outside the box on energy strategy, then Congress needs to create a robust, independent agency from the beginning and give it the right resources,”** said Baucus. **“The Manhattan Project was not folded into the Treasury Department. It was on a mountaintop in New Mexico with some of the most brilliant minds in human history. For the sake of America’s future, we should work together to make ARPA-E the strongest possible think tank and testing bed for new energy strategies.”**

In addition to the ARPA-E proposal, the Energy Competitiveness Act of 2006 expands 12 tax provisions created by the 2005 energy bill, to provide more incentives for the production and use of renewable fuel and renewable fuel technologies, and for energy efficiency efforts. These include the issuance of clean renewable energy bonds, tax deductions and credits for commercial buildings and new homes achieving major energy savings, and provisions to encourage the development of coal gasification technologies and clean-fuel refueling infrastructure. A full list of tax incentives will be available upon the bill’s introduction tomorrow.

The Energy Competitiveness Act of 2006 is the second in a series of Baucus bills to be introduced this session to enhance American economic competitiveness around the world. In February, Baucus introduced the Trade Competitiveness Act of 2006 to step up enforcement of existing trade agreements and break down barriers to U.S. goods in world markets. In the coming weeks Baucus will introduce additional legislation aimed at improving American education, research, savings, tax, and health policy in ways that will keep our nation economically preeminent.

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