

February 6, 2018

The Honorable Paul D. Ryan
Speaker of the House
1233 Longworth House Office Building
Washington, DC 20515

The Honorable Nancy Pelosi
House Minority Leader
223 Cannon House Office Building
Washington, DC 20515

The Honorable Mitch McConnell
Senate Majority Leader
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Chuck Schumer
Senate Minority Leader
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Kevin Brady
Chairman
Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
1139E Longworth House Office Building
Washington, DC 20515

The Honorable Orrin Hatch
Chairman
Committee on Finance and Taxation
104 Hart Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance and Taxation
221 Dirksen Senate Office Building
Washington, DC 20510

Dear Speaker Ryan, Democratic Leader Pelosi, Majority Leader McConnell, Democratic Leader Schumer, Chairman Brady, Ranking Member Neal, Chairman Hatch and Ranking Member Wyden:

As governors committed to technology innovation and investments that increase American energy production, create good-paying, highly-skilled jobs, and reduce emissions, we urge you to enact federal financial incentives to capture carbon dioxide (CO₂) from power plants and industrial facilities. These incentives are necessary to ensure that CO₂ is put to productive use and subsequently stored safely and permanently underground.

We specifically urge Congress to support the following:

- Bipartisan legislation to extend and reform the federal Section 45Q Tax Credit for Carbon Dioxide Sequestration (the FUTURE Act, S. 1535, was introduced in the Senate in July with 25 sponsors, and the companion Carbon Capture Act, H.R. 3761, was introduced in the House in September and currently has 48 sponsors);
- Bipartisan legislation to make carbon capture projects eligible for tax-exempt private activity bonds (the Carbon Capture Improvement Act has been introduced this year in both the U.S. House, H.R. 2011, and the U.S. Senate, S. 843); and
- Policies and incentives to foster the development and financing of additional long-distance, large-volume CO₂ pipelines as part of a broader national infrastructure agenda.

Our immediate priority is extension and reform of the existing federal 45Q tax credit. Senate Finance Committee Chairman Orrin Hatch introduced the Tax Extender Act, S. 2256, on December 20th, which includes the provisions of the FUTURE Act in their entirety. Extending and reforming 45Q will provide financial certainty for investors in carbon capture projects, increase the value of the tax credit, expand eligibility to benefit additional industries and regions of the country, and provide flexibility to accommodate different business models, project developers and investors. While the 45Q tax credit is essential to accelerating deployment, tax-exempt private activity bonds can provide a valuable complementary incentive, further enhancing the financial feasibility of carbon capture projects.

With respect to CO₂ pipelines, Congress should implement policies that enable the federal government to play a targeted role to finance additional capacity for priority trunk pipelines, built to transport CO₂, by supplementing private investment. This will facilitate the buildout of pipeline infrastructure over time, reduce project development costs and encourage investors to make capital available on better financial terms.

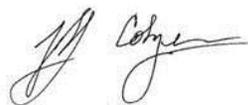
Carbon capture provides a long-term, low-carbon path for production and use of America's abundant coal, oil and natural gas resources. Continued growth of traditional energy and industrial sectors will lead to the creation of many good-paying, highly-skilled jobs.

As governors from both political parties representing diverse states and regions, we believe carbon capture represents a key element of a broader, cost-effective portfolio of energy production and carbon management options. This technology merits federal policy support to accelerate its commercial deployment. We look forward to working with you to implement a robust package of federal financial incentives and other policies, as Congress has accomplished for other energy technologies, to help grow this critically important industry.

Sincerely,



Matt Mead
Governor of Wyoming



Jeff Colyer
Governor of Kansas



Mary Fallin
Governor of Oklahoma



Doug Burgum
Governor of North Dakota



Steve Bullock
Governor of Montana



Tom Wolf
Governor of Pennsylvania