



Federal Tax Reform in the Energy Industry

Preliminary thoughts . . .



House Tax Plan



Five Major Impacts

House Tax Plan

1. *Corporate Tax Rate*

35% to 20%



House Tax Plan

2. **No interest deductions on corporate debt**



House Tax Plan

3. Immediate write-off of all capital asset acquisitions



House Tax Plan

4. *Deny any cost recovery on imported equipment or services*



House Tax Plan

- 5.** *No tax on revenue from exported goods*





Impact on Renewable Energy

- Imported equipment problem
- Capital intensive industry:
 - More debt
 - Higher cost
 - Lower tax rate = higher equity cost



Net Effect . . .

- More US jobs building capital equipment
- December 1 at earliest
- Problems for utilities—interest
- “Schmuck” insurance provisions