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%
2. No interest deductions on corporate debt
3. **Immediate write-off of all capital asset acquisitions**
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