

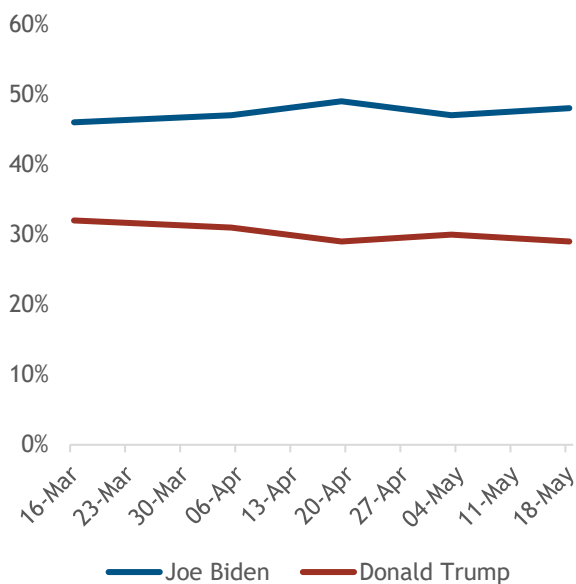
The GOP tries to flip the script on climate change

Blog post by Senior Associate Miranda Lutz, May 29 2020

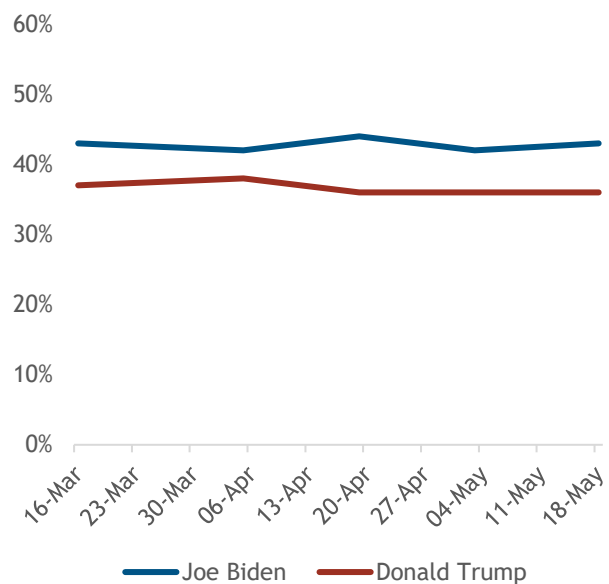
Heading into the 2020 elections, the Democrats have a clear lead over the Republicans in voter confidence in their handling of energy and environmental policy. Joe Biden leads Donald Trump on both policy themes by substantial margins (see charts).

A February 2020 [poll](#) by the Pew Research Center found that 64% of adults in the US believe that addressing climate change should be a priority for the president and Congress - the highest number the research group has recorded in almost 20 years - and the kind of margin that is a genuine electoral problem for a GOP perceived to be obstructing effective action. The result has been an interesting shift in Republican strategy and a deliberate attempt to map out a Republican alternative on climate activism.

Which candidate do you trust more to handle environmental policy?



Which candidate do you trust more to handle energy policy?



Source: Morning Consult - Politico

While the party remains broadly hostile to ideas such as a carbon tax, in many other areas it is setting out a policy stall. In sharp distinction to the Democrat’s Green New Deal, the aim of conservative lawmakers is to focus on mitigation over enforced restructuring emitting industries, and reallocating existing funding or reinforcing tax credits for private expenditure rather than

promising large new green spending. Where there is new spending, it is in Republican priorities like technology leadership. Three things are worth watching closely.

The first is policy on CCS. In this Congress, Rep. Dan Crenshaw (R-TX) has led the charge in Republican's efforts to enhance research and development on carbon capture technology. His *New Energy Frontiers Through Carbon Innovation* bill would establish a "Carbon Innovation Hub" with the goal of developing technologies for transforming greenhouse gases (GHGs), including in areas such as methane conversion into biogas. The legislation would also invest in CCS technology to foster cleaner energy production. The legislation reallocates existing Department of Energy funding and does not include new government expenditures.

A second area of focus will be tax-based incentives. Despite Republican efforts to trim down the tax credits given to renewable energy industries like solar and wind in the 2017 *Tax Cuts and Jobs Act*, tax-based incentives will be a big part the GOP climate agenda. The production tax credit (PTC) which provides a credit for every kilowatt hour of energy produced using qualified renewable energy sources such as wind, geo-thermal, solar and hydropower is slated to expire at the end of 2020, setting up the possibility of a broader tax extension package for the lame duck session.

Congress is also likely to move to expand the investment tax credit (ITC) which delivers a benefit to taxpayers that finance a qualified renewable energy project. The ITC is currently on a phase out schedule, meaning that the amount of credits a commercial or residential project will be eligible for decreases each year until they are phased out in 2024. As Republicans seek to find more environmentally friendly energy solutions, we think the ITC is ripe for inclusion in their platform rather than forcing direct government expenditures.

Expanding the ITC may also be more attractive as the US economy recovers after the covid-19 crisis. While the International Energy Agency [stated](#) that investment in the energy sector is on pace for a steep decline due to coronavirus, the renewables sector is projected to be far more resilient. Notably, Senators Lisa Murkowski (R-AK), Susan Collins (R-ME), and Thom Tillis (R-NC) recently wrote a letter to Treasury Secretary, Steven Mnuchin, arguing that the ITC helps to protect American jobs and provide certainty for investors. In response, The Treasury Department and the Internal Revenue Service issued a [notice](#) giving renewable energy projects an additional year of eligibility for the ITC before the commence operation. These tax credits could also be used to encourage more private sector research and development in the renewable energy sector.

Finally, there will be a lot of focus on carbon mitigation as an area in which the US can compete with - and must not be dependent on - China. President Trump and Republican China hawks have used the covid-19 crisis to fuel the debate about how the US should engage with China in terms of trade and manufacturing. This focus on China dovetails nicely with previous Republican efforts to strength US leadership in the science and technology sectors. House Science, Space, and Technology Committee Ranking Member Frank Lucas (R-OK) introduced the *Securing American Leadership in Science and Technology Act*, which would double science research funding from approximately \$16 bn to \$32 bn over ten years. Lucas pushed this initiative as a part of the GOP environmental plan citing the need to keep up with Chinese R&D in computer science, artificial intelligence, and advanced manufacturing. While Lucas' bill doesn't directly state how this

investment in science will specifically decrease GHGs or address other climate-related issues, Republicans can be expected to argue they will.

The new emphasis on these kinds of measures reflects a growing acknowledgement within many parts of the GOP that climate change denial and the lack of substantive policy proposals on the environment are an electoral liability, especially with younger generations of voters. While they come with a conventional conservative preference for private over public money and mitigation over structural reform, they are nevertheless the first steps towards a GOP platform on climate change. Green New Dealers will of course say that they do not go far enough. But the political point is as much to ensure that this important ground for voters is not simply ceded to the Democrats.