



SEMI North America
1401 K Street, NW Suite 601
Washington, DC 20005

Tel: 1.202.289.0440
Fax: 1.202.289.0441
www.semi.org

January 21, 2009

The Honorable Harry Reid
United States Senate
U.S. Capitol S-221
Washington, DC 20510

The Honorable Nancy Pelosi
United States House of Representatives
U.S. Capitol H-232
Washington, DC 20515

The Honorable Mitch McConnell
United States Senate
U.S. Capitol S-230
Washington, DC 20510

The Honorable John Boehner
United States House of Representatives
U.S. Capitol H-204
Washington, DC 20515

Dear Majority Leader Reid, Minority Leader McConnell, Madam Speaker Pelosi, and Minority Leader Boehner:

I am writing you to ask that Congress include three key solar energy provisions in the American Recovery and Reconstruction Act. Solar energy creates more jobs per megawatt than any other form of energy. The solar energy industry currently employs more than 80,000 people in the United States. An estimated 25,000 to 30,000 jobs are created for every 1,000 MW of annual photovoltaic deployment and more than 15,000 jobs were created over the last two years. Actions taken by Congress today can have positive benefits for America including: energy abundance and good jobs, as a near-term economic stimulus and for long-term economic well-being.

Semiconductor Equipment and Materials International (SEMI) is the global industry association serving the manufacturing supply chains for the microelectronic, display and photovoltaic industries. Our member companies are the engine of the future, enabling smarter, faster and more economical products that improve our lives. We have nearly 600 member companies in the United States and over 20 percent of our membership is involved in the manufacturing of equipment and materials to produce solar energy. The three provisions identified below will have an immediate effect of stimulating greater demand for solar energy, reducing capital costs, and growing the domestic U.S. solar energy manufacturing base in the near-term.

1. Provide for short-term refundability of the Section 48 solar ITC.

The solar energy investment tax credit (ITC) is a critical incentive and SEMI commends Congress for passing an eight-year extension. Unfortunately, the economic crisis and the financial market troubles are limiting access to capital. As a result, this risk is hindering the effectiveness of the ITC and derailing much of the recent progress made with solar energy. SEMI recommends that Congress refine the ITC by providing for short-term refundability (*e.g.*, through 2010) of the Section 48 solar ITC. This will make the ITC work as it was originally intended. Tax credit refundability already applies for biodiesel and other alternative transportation fuels. The same standard should apply to solar energy.

2. Create a Federal Clean Energy Bank to provide zero or low-interest loans and loan guarantees for solar projects.

The Department of Energy has a \$10 billion loan guarantee program that is under-used due to program complexities. During the 110th Congress, Senator Bingaman and Representatives Inslee, Israel, Perlmutter, and Klein introduced the “21st Century Energy Technology Deployment Act,” (S. 3233/H.R 7018). This bill would replace the DOE’s loan guarantee program with a Clean Energy Bank to provide zero or low-interest loans and loan guarantees for solar projects and other advanced clean energy technologies. In addition, Representatives Chris Van Hollen and Zach Wamp are promoting the creation of a federally funded National Clean Energy Lending Authority. Given the current difficulties with credit markets, SEMI recommends that a Clean Energy Bank be formed which would be instrumental in securing the needed loans.

3. Increase U.S. Government procurement of solar energy (Federal Energy Management Program).

The federal government spends \$5.8 billion annually on electricity, which makes it the largest utility user in the United States. SEMI recommends that Congress invest \$10 billion in solar energy technologies to power the federal government. This funding should be made available immediately to the Federal Energy Management Program for the construction and operation of 4,000 MW of solar on federal buildings, lands, and military installations. This investment will lower the federal government’s electricity bills, reduce carbon emissions, and improve national security.

These recommendations will stimulate the economy in the near-term and are the first step in moving to a low-carbon energy economy. However, much more needs to be done in a future energy bill for long-term U.S. economic prosperity, energy security, and environmental sustainability. The United States is positioned to drive this transformation and the solar energy industry has decades of growth, progress and prosperity ahead—if we get the right policies in place to promote renewable energy. SEMI urges Congress to make renewable energy a centerpiece of the economic stimulus package as well as U.S. energy and economic policy in the years ahead. We look forward to working with you on this issue.

Sincerely,

/s/

Jonathan Davis
President, SEMI North America

cc:

Chairman Daniel Inouye
Ranking Member Thad Cochran
Chairman Max Baucus
Ranking Member Chuck Grassley

Chairman David Obey
Ranking Member Jerry Lewis
Chairman Charles Rangel
Ranking Member Dave Camp