

Republicans in the House of Representatives [debuted](#) their proposed tax reforms today, and climate and clean tech advocates are looking to see how the proposals will affect progress on these intertwined issues. Specifically, tax reform could impact electric vehicle and renewable energy deployment, which rely on federal tax credits to stimulate investment and demand. To that end, Republicans want to [completely eliminate](#) the \$7500 federal tax credit for battery electric vehicles after 2017, which would greatly hurt demand for the vehicles in the short run, if it goes through.

On renewable energy, the obvious targets are the federal investment and production tax credits for solar and wind. While those are scheduled to phase out in the coming years anyway, the wind energy production tax credits would be more [immediately undercut](#) by the current proposed reform. And less obviously, a cut to the corporate tax rate would mean large, profitable businesses like Google would have less need to invest in renewable energy as a way to obtain tax credits (they would lose their “tax appetite,” in the parlance of energy deal-makers).

Regardless of the outcome of the plan, this new uncertainty around energy tax policies, combined with the potential for new [solar tariffs soon](#), is dampening investor willingness to support renewables and other clean technologies in the short run. So renewable developers will benefit if this process can wrap up quickly.

Meanwhile, a potentially far-reaching — but admittedly unlikely — impact of the proposed reform plan could be the eventual inclusion of a new national carbon tax. Despite the seemingly un-Republican nature of a carbon tax, leading Republicans like former secretaries of State James Baker and George Shultz and other former top government officials and business leaders have proposed a revenue-neutral version to combat climate change.

Congressional Republican leaders have [thrown cold water](#) on the idea so far, but the proposal may actually have legs right now. Here’s why: Republicans need new revenues to offset their giant tax cuts for businesses (two-thirds of all the tax cuts are going to large corporations). The carbon tax would provide revenues to offset these tax cuts. But to make a carbon tax palatable to Republicans, it would need to be accompanied by significant regulatory rollbacks, such as on National Environmental Policy Act (NEPA) environmental review or the federal renewable fuel standard.

While it’s still doubtful a national carbon tax will be included in the reforms, it would

be a monumental policy shift. Climate advocates would be wise to monitor its potential impact on environmental policy, particularly how it could preempt renewable and climate policies at the state level.

Either way, this proposal will likely undergo many changes before and if it gets approved by the House, let alone the U.S. Senate. But the current pace of the country's clean tech deployment is definitely at stake.