



WESTERN GOVERNORS' ASSOCIATION

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February 11, 2010

The Honorable Nancy Pelosi
Speaker of the House
Office of the Speaker
H-232, US Capitol
Washington, DC 20515

The Honorable Harry Reid
Majority Leader
United States Senate
525 Hart Senate Office Building
Washington, DC 20510

Dear Speaker Pelosi and Senator Reid,

The Western Governors' Association supports the important goals of putting Americans back to work, improving the economy, protecting the environment, and helping our nation reduce its dependence on foreign oil. As a result, we ask that you include provisions to incentivize the use and development of natural gas vehicles (NGVs) and NGV infrastructure in legislation to be considered by Congress this session.

In 2008, more than 100 diverse stakeholders produced a roadmap titled *Transportation Fuels for the Future*, which highlighted priority actions that could be taken to diversify our fueling options and reduce greenhouse gas emissions. The report noted the far reaching environmental and economic benefits of NGVs and their expanding support industries. One of the greatest contributions from an increased penetration of NGVs in America's transportation system undoubtedly would be a growth in high quality and stable domestic jobs. Industry projections estimate that implementing long-term tax incentives to promote the increased production of light- and heavy-duty NGVs and NGV stations could create more than half-a-million domestic jobs. These sustainable, high-quality jobs should be strongly incentivized and promoted.

In order to make a meaningful difference, legislation directed at incentivizing the use and development of NGVs and NGV infrastructure should, at a minimum:

- extend for 18 years the existing tax credits for the use of natural gas as a vehicle fuel, the purchase of NGVs, and the installation of NGV infrastructure in order to leverage private investment dollars;
- modify and expand the property tax credits for alternative fuel vehicles and refueling infrastructure to provide greater incentives for consumers and fleets to buy dedicated and bi-fuel NGVs;
- create new tax credits for vehicle manufacturers to incentivize the development of dedicated and bi-fuel NGVs; and

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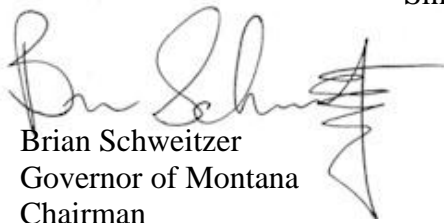
- make vehicle and infrastructure tax credits transferable, as is the case with tax credits available to other alternative energy resources.

In addition to providing critical support for job growth in America, further development of NGVs and NGV infrastructure will help reduce our national trade deficit and dependence on oil from unstable and unfriendly regimes. Like members of Congress, we are concerned about how the staggering trade deficits impact America's economic growth and prosperity, and a large portion of our nation's trade deficit is attributable directly to the importation of oil. Every day the United States spends billions of dollars overseas in the form of oil payments that could be spent here, in America, employing our citizens and boosting the health of our economy. America's continued dependence on foreign oil represents a clear threat to our economic health and security.


The use of natural gas as a transportation fuel is a domestic solution to a variety of critical issues. Ninety-eight percent of the natural gas we consume is produced right here in North America. Additionally, natural gas is a cleaner, more affordable fuel for Americans. Natural gas produces approximately 25 percent fewer greenhouse gas emissions and significantly fewer criteria air pollutants, and fueling NGVs costs a third less than traditional gasoline. Incentivizing the further build-out of NGV technologies will stop billions of dollars in overseas oil payments, create thousands of jobs, reduce harmful greenhouse gas and criteria air pollutant emissions, and improve the overall health of the United States' economy.

It is for all these reasons that we respectfully urge you to include provisions to incentivize the use and development of natural gas vehicles and NGV infrastructure in proposed legislation to be considered this session by Congress.

Sincerely,



Brian Schweitzer
Governor of Montana
Chairman



C.L. "Butch" Otter
Governor of Idaho
Vice Chairman

cc: Carol Browner, Director of the White House Office of Energy and Climate Change Policy
Steven Chu, Secretary of Energy
Timothy Geithner, Secretary of Treasury
Lisa Jackson, EPA Administrator
Ray LaHood, Secretary of Transportation