

Huntsman, champion of energy incentives in Utah, pans them in national race

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As Utah governor, Jon Huntsman was a major proponent of alternative energy, whether it was wind, solar or geothermal, signing into law several bills aimed at giving tax credits to renewable energy producers to jump-start the sector.

But during a recent presidential debate sponsored by Fox News and Google, Huntsman criticized energy subsidies.

"We have learned that subsidies don't work and that we can no longer afford them," Huntsman said in the debate.

He said natural gas will need to be a bridge to solar and wind power, and he would be open to short-term subsidies for gas development, "to get the ball rolling," but he opposes long-term subsidies.

The campaign says that is not inconsistent with his history of supporting incentives for renewable energy as governor.

"[A state incentive] is not really the same as a federal subsidy," said campaign spokesman Tim Miller. "He's against federal subsidies and doesn't think the federal government should be propping up industries or picking winners or losers."

In 2009, then-Gov. Huntsman backed a tax credit for renewable energy projects in the state. In 2007, he signed into law a tax credit for renewable energy production worth about \$3 million. Also in 2007, he signed legislation creating a \$5 million state loan fund for energy-efficiency projects in schools or municipal buildings.

Renewable-energy production in the state increased by nearly 60 percent from the time Huntsman took office in 2005 through 2010.

The discussion of energy incentives comes against a backdrop of accusations that the Obama White House rushed through a half-billion-dollar subsidy for the now-bankrupt solar company Solyndra. Executives of the company were major donors to the Obama

campaign, and President Barack Obama and Vice President Joe Biden gave speeches at the plant to tout the administration's alternative energy strategy.

The Justice Department is investigating whether company executives misrepresented Solyndra's finances, and those executives recently invoked their Fifth Amendment protection against self-incrimination.

The Governor's Office of Economic Development agrees that there is a difference between a subsidy and the type of incentive the state offers.

"We perceive incentives and subsidies entirely differently," said Michael Sullivan, a spokesman for GOED.

Subsidies are simply cutting a check to a company up-front, he said. Utah gives incentives through tax-credits post-performance, after a company has expanded its business or hired an agreed-upon number of workers at agreed-upon salaries within the state.

It is a change that Huntsman pushed for after he came into office in 2005.

But it's semantics, according to Peter Van Doren, a senior fellow at the libertarian Cato Institute, because whether they're called incentives or subsidies, they are still designed to skew the market and drive investment in one direction.

"To an economist, all of these things throw cash at a sector and they take it from other sectors and the question is: 'Why?' " Van Doren said. "The answer is that voters ... feel better if something like wind is out there because it's sticking it to something they don't like, which is oil companies and the Middle East."

"This would result in a failing grade in any serious intellectual context, but presidential debates aren't," he said.

But Sarah Wright, executive director of the group Utah Clean Energy, said that government investment in energy projects at the federal level has paid off.

"It's been proven that subsidies do work when they're well-designed," she said, adding that tax credits for renewable energy production and investments in building solar projects have resulted in thousands of megawatts of new alternative energy generated.

The Solyndra episode shows that the government needs to be cautious, but doesn't mean incentives should be done away with, she said.

"I think in the case of Solyndra, it was one company that bet on the wrong technology," she said. "There's no reason to throw the baby out with the bath water because the government chose to invest in a company that chose the wrong technology."

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