

107TH CONGRESS
1ST SESSION

H. R. 1677

To amend the Internal Revenue Code of 1986 to allow a tax credit for incremental hydropower for additional generating capacity and increased efficiency at existing dams licensed by the Federal Energy Regulatory Commission.

IN THE HOUSE OF REPRESENTATIVES

MAY 2, 2001

Ms. DUNN introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a tax credit for incremental hydropower for additional generating capacity and increased efficiency at existing dams licensed by the Federal Energy Regulatory Commission.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Hydropower Capacity
5 Improvement Act”.

1 **SEC. 2. TAX CREDIT FOR INCREMENTAL HYDROPOWER FOR**
 2 **ADDITIONAL GENERATING CAPACITY AND IN-**
 3 **CREASED EFFICIENCY AT EXISTING DAMS LI-**
 4 **CENSED BY THE FEDERAL ENERGY REGU-**
 5 **LATORY COMMISSION.**

6 (a) CREDIT FOR INCREMENTAL HYDROPOWER.—

7 (1) IN GENERAL.—Subpart D of part IV of
 8 subchapter A of chapter 1 of the Internal Revenue
 9 Code of 1986 (relating to business credits), is
 10 amended by inserting after section 45D the following
 11 new section:

12 **“SEC. 45E. INCREMENTAL HYDROPOWER CREDIT.**

13 “(a) CREDIT AMOUNT.—For purposes of section 38,
 14 in the case of a qualified entity, the incremental hydro-
 15 power credit is \$65 multiplied by the excess of—

16 “(1) the number of kilowatts of licensed gener-
 17 ating capacity of a qualified hydroelectric facility on
 18 the last day of the taxable year, over

19 “(2) the licensed kilowatt capacity of such facil-
 20 ity on January 1, 2001.

21 “(b) DEFINITIONS.—For purposes of this section—

22 “(1) QUALIFIED ENTITY.—The term ‘qualified
 23 entity’ means any entity that is an owner of a quali-
 24 fied hydroelectric facility.

25 “(2) QUALIFIED HYDROELECTRIC FACILITY.—
 26 The term ‘qualified hydroelectric facility’ means a

1 non-Federal hydropower facility in existence on Jan-
2 uary 1, 2001, and licensed by the Federal Energy
3 Regulatory Commission.

4 “(3) INCREMENTAL HYDROPOWER.—The term
5 ‘incremental hydropower’ means additional gener-
6 ating capacity achieved from increased efficiency or
7 additions of new capacity at a qualified hydroelectric
8 facility.

9 “(c) CREDIT ALLOWED FOR PUBLIC UTILITIES AND
10 OTHER ENTITIES.—Any credit which would be allowable
11 under subsection (a) with respect to a qualified hydro-
12 electric facility of an entity if such entity were not exempt
13 from tax under this chapter shall be treated as a credit
14 allowable under subpart C to such entity if such entity
15 is—

16 “(1) a public utility,

17 “(2) an organization described in section
18 501(c)(12),

19 “(3) an organization described in section
20 1381(a)(2)(C), or

21 “(4) a State, the District of Columbia, any ter-
22 ritory or possession of the United States, and any
23 political subdivision thereof.

24 “(d) CREDIT MAY BE ASSIGNED.—If a qualified en-
25 tity or an entity described in subsection (c) elects the ap-

1 plication of this subsection with respect to any qualified
 2 hydroelectric facility for a taxable year, then the amount
 3 of the credit determined under this section with respect
 4 to that facility shall be allowed to any person designated
 5 by the entity and not to the entity.

6 “(e) TERMINATION.—This section shall not apply to
 7 taxable years beginning after December 31, 2011.”.

8 (b) INCLUSION OF INDIAN TRIBAL GOVERNMENTS.—
 9 Section 7871(a)(7) of the Internal Revenue Code of 1986
 10 is amended by striking “and” at the end of subparagraph
 11 (A), by striking the period at the end of subparagraph
 12 (B), and by adding at the end the following:

13 “(C) section 45E (relating to incremental
 14 hydropower credit).”.

15 (c) LIMITATION ON CARRYBACK.—Section 39(d) of
 16 the Internal Revenue Code of 1986 (relating to transition
 17 rules) is amended by adding at the end the following new
 18 paragraph:

19 “(10) NO CARRYBACK OF INCREMENTAL HY-
 20 DROPOWER CREDIT BEFORE EFFECTIVE DATE.—No
 21 portion of the unused business credit for any taxable
 22 year which is attributable to the incremental hydro-
 23 power credit determined under section 45E may be
 24 carried to a taxable year ending before the date of
 25 the enactment of section 45E.”.

1 (d) CONFORMING AMENDMENT.—Section 38(b) of
2 the Internal Revenue Code of 1986 (relating to general
3 business credit) is amended by striking “plus” at the end
4 of paragraph (12), by striking the period at the end of
5 paragraph (13) and inserting “, plus”, and by adding at
6 the end the following new paragraph:

7 “(14) the incremental hydropower credit deter-
8 mined under section 45E.”.

9 (e) CLERICAL AMENDMENT.—The table of sections
10 for subpart D of part IV of subchapter A of chapter 1
11 of the Internal Revenue Code of 1986 is amended by in-
12 serting after the item relating to section 45D the following
13 new item:

 “Sec. 45E. Incremental hydropower credit.”.

14 (f) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 2001.

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