

119TH CONGRESS
1ST SESSION

H. R. 2160

To amend the Internal Revenue Code of 1986 to support upgrades at existing hydroelectric dams in order to increase clean energy production, improve the resiliency and reliability of the United States electric grid, enhance the health of the Nation’s rivers and associated wildlife habitats, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2025

Mr. SMITH of Nebraska (for himself, Ms. DELBENE, Mr. FITZPATRICK, Ms. SCHRIER, Ms. TENNEY, and Ms. GOODLANDER) 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 support upgrades at existing hydroelectric dams in order to increase clean energy production, improve the resiliency and reliability of the United States electric grid, enhance the health of the Nation’s rivers and associated wildlife habitats, and for other purposes.

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 “Maintaining and En-
5 hancing Hydroelectricity and River Restoration Act”.

1 **SEC. 2. CREDIT FOR MAINTAINING AND ENHANCING HY-**
 2 **DROELECTRIC FACILITIES.**

3 (a) IN GENERAL.—Subpart E of part IV of sub-
 4 chapter A of chapter 1 of the Internal Revenue Code of
 5 1986 is amended by inserting after section 48E the fol-
 6 lowing new section:

7 **“SEC. 48F. CREDIT FOR MAINTAINING AND ENHANCING HY-**
 8 **DROELECTRIC FACILITIES.**

9 “(a) IN GENERAL.—For purposes of section 46, the
 10 credit for maintaining and enhancing hydroelectric facili-
 11 ties for any taxable year is an amount equal to 30 percent
 12 of the basis of any hydropower improvement property
 13 placed in service during such taxable year.

14 “(b) CERTAIN PROGRESS EXPENDITURE RULES
 15 MADE APPLICABLE.—Rules similar to the rules of sub-
 16 sections (c)(4) and (d) of section 46 (as in effect on the
 17 day before the date of the enactment of the Revenue Rec-
 18 onciliation Act of 1990) shall apply for purposes of sub-
 19 section (a).

20 “(c) HYDROPOWER IMPROVEMENT PROPERTY.—In
 21 this section, the term ‘hydropower improvement property’
 22 means property—

23 “(1) which—

24 “(A) adds or improves fish passage at a
 25 qualified dam,

1 “(B) maintains or improves the quality of
2 the water retained or released by a qualified
3 dam,

4 “(C) promotes downstream sediment trans-
5 port processes and habitat maintenance with re-
6 spect to a qualified dam,

7 “(D) upgrades, repairs, or reconstructs a
8 qualified dam to meet Federal dam safety and
9 security standards,

10 “(E) improves the public uses of, and ac-
11 cess to, public waterways impacted by a quali-
12 fied dam in a manner consistent with a license
13 issued by the Federal Energy Regulatory Com-
14 mission or a settlement agreement related to
15 such a license,

16 “(F) removes an obsolete river obstruction,
17 or

18 “(G) places into service an approved re-
19 mote dam, and

20 “(2) for which, prior to January 1, 2032, the
21 taxpayer receives written approval with respect to
22 any property described in paragraph (1) from the
23 Federal Energy Regulatory Commission or State or
24 local officials, as appropriate.

25 “(d) OTHER DEFINITIONS.—In this section—

1 “(1) APPROVED REMOTE DAM.—The term ‘ap-
2 proved remote dam’ means—

3 “(A) a hydroelectric dam which—

4 “(i) exclusively services communities
5 not interconnected to the Electric Reli-
6 ability Council of Texas, the Eastern Inter-
7 connection, or the Western Interconnec-
8 tion,

9 “(ii) was licensed by the Federal En-
10 ergy Regulatory Commission before De-
11 cember 31, 2020,

12 “(iii) does not contribute to atmos-
13 phere pollution, and

14 “(iv) has a maximum net output of
15 not greater than 20 megawatts, and

16 “(B) any interconnection property associ-
17 ated with a dam described in subparagraph (A).

18 “(2) FISH PASSAGE.—The term ‘fish passage’
19 means, with respect to any qualified dam, any new
20 or upgraded turbine, fishway, or other fish passage
21 technology which improves fish migration and sur-
22 vival rates.

23 “(3) INTERCONNECTION PROPERTY.—The term
24 ‘interconnection property’ means, with respect to

1 any dam described in paragraph (1)(A), any tangible
2 property—

3 “(A) to enable the delivery of electricity
4 from such dam to any customer, and

5 “(B) which satisfies the requirements
6 under clauses (ii) and (iii) of section
7 48(a)(8)(B).

8 “(4) OBSOLETE RIVER OBSTRUCTION.—The
9 term ‘obsolete river obstruction’ means a qualified
10 nonpowered dam (as defined in section 34(e)(3) of
11 the Federal Power Act (16 U.S.C. 823e(e)(3))) no
12 longer serving its intended purpose.

13 “(5) QUALIFIED DAM.—The term ‘qualified
14 dam’ means a hydroelectric dam that is licensed by
15 the Federal Energy Regulatory Commission or le-
16 gally operating without such a license before the
17 date of enactment of this section.”.

18 (b) ELECTIVE PAYMENT AND TRANSFER OF CRED-
19 IT.—

20 (1) ELECTIVE PAYMENT.—Section 6417 of the
21 Internal Revenue Code of 1986 is amended—

22 (A) in subsection (b), by adding at the end
23 the following:

24 “(13) The credit for maintaining and enhancing
25 hydroelectric facilities under section 48F.”, and

1 (B) in subsection (d)(1)—

2 (i) in subparagraph (E), by striking
3 “(C), or (D)” each place it appears and in-
4 serting “(C), (D), or (E)”,

5 (ii) by redesignating subparagraph
6 (E) (as amended by clause (i)) as subpara-
7 graph (F), and

8 (iii) by inserting after subparagraph
9 (D) the following:

10 “(E) ELECTION WITH RESPECT TO CREDIT
11 FOR MAINTAINING AND ENHANCING HYDRO-
12 ELECTRIC FACILITIES.—If a taxpayer other
13 than an entity described in subparagraph (A)
14 makes an election under this subparagraph with
15 respect to any taxable year in which such tax-
16 payer has, after December 31, 2022, placed in
17 service hydropower improvement property (as
18 defined in section 48F(c)), such taxpayer shall
19 be treated as an applicable entity for purposes
20 of this section for such taxable year, but only
21 with respect to the credit described in sub-
22 section (b)(13).”.

23 (2) TRANSFER.—Section 6418(f)(1)(A) of the
24 Internal Revenue Code of 1986 is amended by add-
25 ing at the end the following:

1 “(xii) The credit for maintaining and
 2 enhancing hydroelectric facilities under
 3 section 48F.”.

4 (c) CONFORMING AMENDMENTS.—

5 (1) Section 46 of the Internal Revenue Code of
 6 1986 is amended—

7 (A) in paragraph (6), by striking “and” at
 8 the end,

9 (B) in paragraph (7), by striking the pe-
 10 riod at the end and inserting “, and”, and

11 (C) by adding at the end the following:

12 “(8) the credit for maintaining and enhancing
 13 hydroelectric facilities.”.

14 (2) Section 49(a)(1)(C) of such Code is amend-
 15 ed—

16 (A) in clause (vii), by striking “and” at the
 17 end,

18 (B) in clause (viii), by striking the period
 19 at the end and inserting “, and”, and

20 (C) by adding at the end the following:

21 “(ix) the basis of any hydropower im-
 22 provement property under section 48F.”.

23 (3) Section 50 of such Code is amended—

24 (A) in subsection (a)(2)(E), as amended by
 25 section 13702(b) of Public Law 117–169, by

1 striking “or 48E(e)” and inserting “48E(e), or
 2 48F(b)”, and

3 (B) in subsection (d)(2)—

4 (i) in the matter preceding subpara-
 5 graph (A), by inserting “or any hydro-
 6 power improvement property (as defined in
 7 section 48F(c))” after “any energy storage
 8 technology (as defined in section
 9 48(c)(6))”, and

10 (ii) in subparagraph (B), by striking
 11 “energy storage technology” each place it
 12 appears and inserting “energy storage
 13 technology or hydropower improvement
 14 property”.

15 (4) The table of sections for subpart E of part
 16 IV of subchapter A of chapter 1 of such Code is
 17 amended by inserting after the item relating to sec-
 18 tion 48E the following new item:

“Sec. 48F. Credit for maintaining and enhancing hydroelectric facilities.”.

19 (d) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply to property placed in service after
 21 December 31, 2022.

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