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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

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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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Maintaining and Enhancing Hydroelectricity and River Restoration Act".

SEC. 2. CREDIT FOR MAINTAINING AND ENHANCING HYDROELECTRIC FACILITIES.

(a) IN GENERAL.—Subpart E of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 48E the following new section:

"SEC. 48F. CREDIT FOR MAINTAINING AND ENHANCING HYDROELECTRIC FACILITIES.

"(a) IN GENERAL.—For purposes of section 46, the credit for maintaining and enhancing hydroelectric facilities for any taxable year is an amount equal to 30 percent of the basis of any hydropower improvement property placed in service during such taxable year.

"(b) CERTAIN PROGRESS EXPENDITURE RULES MADE APPLICABLE.—Rules similar to the rules of subsections (c)(4) and (d) of section 46 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) shall apply for purposes of subsection (a).

"(c) HYDROPOWER IMPROVEMENT PROPERTY.—In this section, the term 'hydropower improvement property' means property—

"(1) which—

"(A) adds or improves fish passage at a qualified dam, "(B) maintains or improves the quality of the water retained or released by a qualified dam,

"(C) promotes downstream sediment transport processes and habitat maintenance with respect to a qualified dam,

"(D) upgrades, repairs, or reconstructs a qualified dam to meet Federal dam safety and security standards,

"(E) improves the public uses of, and access to, public waterways impacted by a qualified dam in a manner consistent with a license issued by the Federal Energy Regulatory Commission or a settlement agreement related to such a license,

"(F) removes an obsolete river obstruction, or

"(G) places into service an approved remote dam, and

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

"(d) OTHER DEFINITIONS.—In this section—

"(1) APPROVED REMOTE DAM.—The term 'approved remote dam' means—

"(A) a hydroelectric dam which—

"(i) exclusively services communities not interconnected to the Electric Reliability Council of Texas, the Eastern Interconnection, or the Western Interconnection,

"(ii) was licensed by the Federal Energy Regulatory Commission before December 31, 2020,

"(iii) does not contribute to atmosphere pollution, and

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

"(B) any interconnection property associated with a dam described in subparagraph (A).

"(2) FISH PASSAGE.—The term 'fish passage' means, with respect to any qualified dam, any new or upgraded turbine, fishway, or other fish passage technology which improves fish migration and survival rates.

"(3) INTERCONNECTION PROPERTY.—The term 'interconnection property' means, with respect to any dam described in paragraph (1)(A), any tangible property—

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

"(B) which satisfies the requirements under clauses (ii) and (iii) of section 48(a)(8)(B).

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

"(5) QUALIFIED DAM.—The term 'qualified dam' means a hydroelectric dam that is licensed by the Federal Energy Regulatory Commission or legally operating without such a license before the date of enactment of this section.".

(b) ELECTIVE PAYMENT AND TRANSFER OF CREDIT.—

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

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

"(13) The credit for maintaining and enhancing hydroelectric facilities under section 48F.", and

(B) in subsection (d)(1)—

(i) in subparagraph (E), by striking "(C), or (D)" each place it appears and inserting "(C), (D), or (E)",

(ii) by redesignating subparagraph (E) (as amended by clause (i)) as subparagraph (F), and

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

"(E) ELECTION WITH RESPECT TO CREDIT FOR MAINTAINING AND ENHANCING HYDROELECTRIC FACILITIES.—If a taxpayer other than an entity described in subparagraph (A) makes an election under this subparagraph with respect to any taxable year in which such taxpayer has, after December 31, 2022, placed in service hydropower improvement property (as defined in section 48F(c)), such taxpayer shall be treated as an applicable entity for purposes of this section for such taxable year, but only with respect to the credit described in subsection (b)(13).".

(2) TRANSFER.—Section 6418(f)(1)(A) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"(xii) The credit for maintaining and enhancing hydroelectric facilities under section 48F.".

(c) CONFORMING AMENDMENTS.—

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

(A) in paragraph (6), by striking "and" at the end,

(B) in paragraph (7), by striking the period at the end and inserting ", and", and

(C) by adding at the end the following:

"(8) the credit for maintaining and enhancing hydroelectric facilities.".

(2) Section 49(a)(1)(C) of such Code is amended—

(A) in clause (vii), by striking "and" at the end,

(B) in clause (viii), by striking the period at the end and inserting ", and", and

(C) by adding at the end the following:

"(ix) the basis of any hydropower improvement property under section 48F.".

(3) Section 50 of such Code is amended—

(A) in subsection (a)(2)(E), as amended by section 13702(b) of Public Law 117–169, by striking "or 48E(e)" and inserting "48E(e), or 48F(b)", and

(B) in subsection (d)(2)—

(i) in the matter preceding subparagraph (A), by inserting "or any hydropower improvement property (as defined in section 48F(c))" after "any energy storage technology (as defined in section 48(c)(6))", and

(ii) in subparagraph (B), by striking "energy storage technology" each place it appears and inserting "energy storage technology or hydropower improvement property".

(4) The table of sections for subpart E of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 48E the following new item:

"Sec. 48F. Credit for maintaining and enhancing hydroelectric facilities.".

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

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