

**HJR**

**23**

<TARGET><BILL>HJR 23</BILL><SUBJECT>HJR  
23</SUBJECT><COMM>SRES27</COMM></TARGET>

# FISCAL NOTE

**STATE OF ALASKA**  
**2011 LEGISLATIVE SESSION**

Fiscal Note Number 1  
 Bill Version HJR 23  
 (H) Publish Date 3/25/11

Identifier (file name) HJR23-LEG-COU-3-21-2011 Dept. Affected Legislature  
 Title "Hydroelectric Power; Renewable Energy" Appropriation Legislative Council  
 Allocation Session Expenses  
 Sponsor House Special Committee on Energy  
 Requester House Special Committee on Energy OMB Component Number 782

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**Why this fiscal note differs from previous version**

Initial Version

Prepared by Shane Miller, Finance Manager  
 Division Legislative Affairs Agency  
 Approved by Pamela Varni, Executive Director  
Legislative Affairs Agency

Phone 465-6626  
 Date/Time 3/21/11 10:19 AM  
 Date 3/21/2011

**Analysis**

This fiscal note has zero impact on the Legislative Affairs Agency.

# Alaska State Legislature

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## Representative Lance Pruitt

Co-Chair, House Energy Committee

### MEMORANDUM

To: Sen. Joe Paskvan  
Sen. Thomas Wagoner

From: Rep. Lance Pruitt 

Date: April 7<sup>th</sup>, 2011

Re: Bill Hearing Request for HJR 23 AM

I respectfully request that HJR 23 AM be scheduled for a hearing in Senate Resources. Please feel free to contact me, or my aide Dirk Craft, at 465-6617 with any questions. Attached you will find a background packet for HJR 23 AM including a current version of the bill, sponsor statement, fiscal notes, and backup information.

Thank you for your consideration.

# Alaska House of Representatives

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## House Special Committee on Energy

### Sponsor Statement

#### HJR 23

#### Hydroelectric Power; Renewable Energy

House Joint Resolution 23 urges the United States Congress to classify hydroelectric power as a renewable and alternative energy source.

The U.S. has long used targeted tax credit programs to incentivize investment and innovation in the energy sector. This is true for fossil and renewable projects resources alike — and the Investment and Production Tax Credits for renewable energy have been highly successful. According to the National Hydropower Association, tens of thousands of jobs and billions of dollars in private investment across industries — not to mention gigawatts of affordable, reliable, and renewable power — have been driven by smart tax policies.

Hydroelectric has extraordinary potential in Alaska, and the ability to displace diesel generated power with little to no environmental impact. However, hydropower receives only one half the credit available to other renewable energy sources. Equalizing the tax credit for hydropower will help Alaskans in their efforts to displace costly non-renewable generation of power.

HJR 23 sends a strong message urging Congress to develop a working definition of renewable and alternative which includes our hardest working renewable resource, hydropower. Please join me and sending this unified resolution to our elected Representatives in Washington D.C.



# HYDRO WORKS FOR AMERICA

## NHA Study Highlights

### Job Creation Opportunities in Hydropower

#### Key Highlights

##### Capacity by 2025

- 60,000MW of new capacity
- 160,000MW installed
- 400,000MW potential capacity

##### Jobs by 2025

- 300,000 jobs now
- 1.4 million jobs created by U.S. hydro industry

#### Background

In early 2009, the National Hydropower Association commissioned Navigant Consulting, Inc., to conduct a study examining the hydropower industry's job-creation and capacity-growth potential.

Navigant's assessment confirmed what Energy Secretary Stephen Chu recently described as an "incredible opportunity" to develop America's "lowest-cost energy option."

The results demonstrate the industry's extraordinary potential to expand its contribution to the country's energy, environmental, and economic goals: Hydropower can create 1.4 million cumulative jobs and add 60,000 megawatts of affordable, domestic, renewable energy by 2025.

#### Approach

The study examined hydropower's growth under a "business as usual" scenario and under a national policy of 25% renewable generation.

Both cases: **Big gains for American consumers and workers.**

#### Findings

The study examined the industry's potential under two different scenarios:

- "Business as usual" where national policies mandate 10% renewable generation
- "Accelerated case" with a 25% renewable generation requirement

Both scenarios also assume existing federal and state incentives for renewable energy development, such as tax incentives and state RES programs, remain in place.

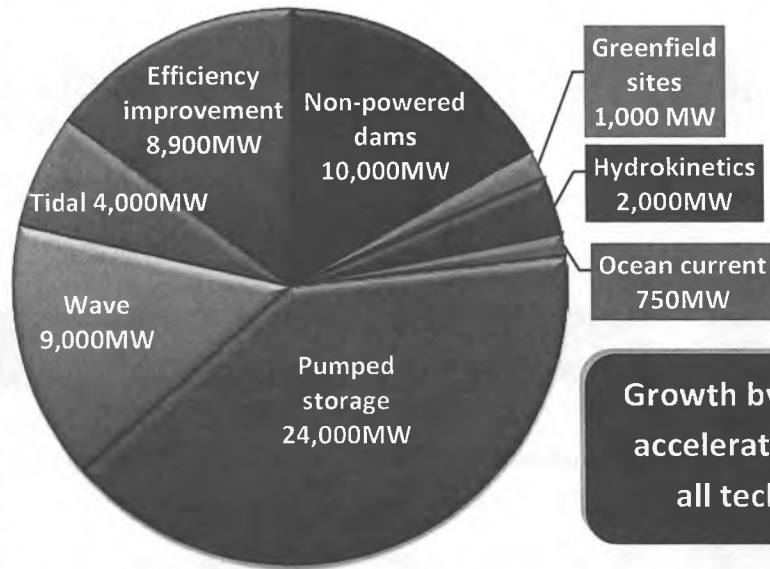
Under both scenarios, the U.S. hydropower industry has the potential for developing significant new clean energy resources and creating hundreds of thousands of good-paying, family-supporting new jobs:

U.S. hydro growth	New hydro capacity	New direct, indirect, and induced jobs
"Business as usual"	23,300 MW	480,000
Accelerated case	60,000 MW	1,400,000

## Technologies

America's largest renewable resource, hydropower is a proven technology. Leading the growth in the industry are new innovations at existing hydro sites, new applications at non-powered dams and pumped storage- often without large new dams.

## Capacity Growth by Technology



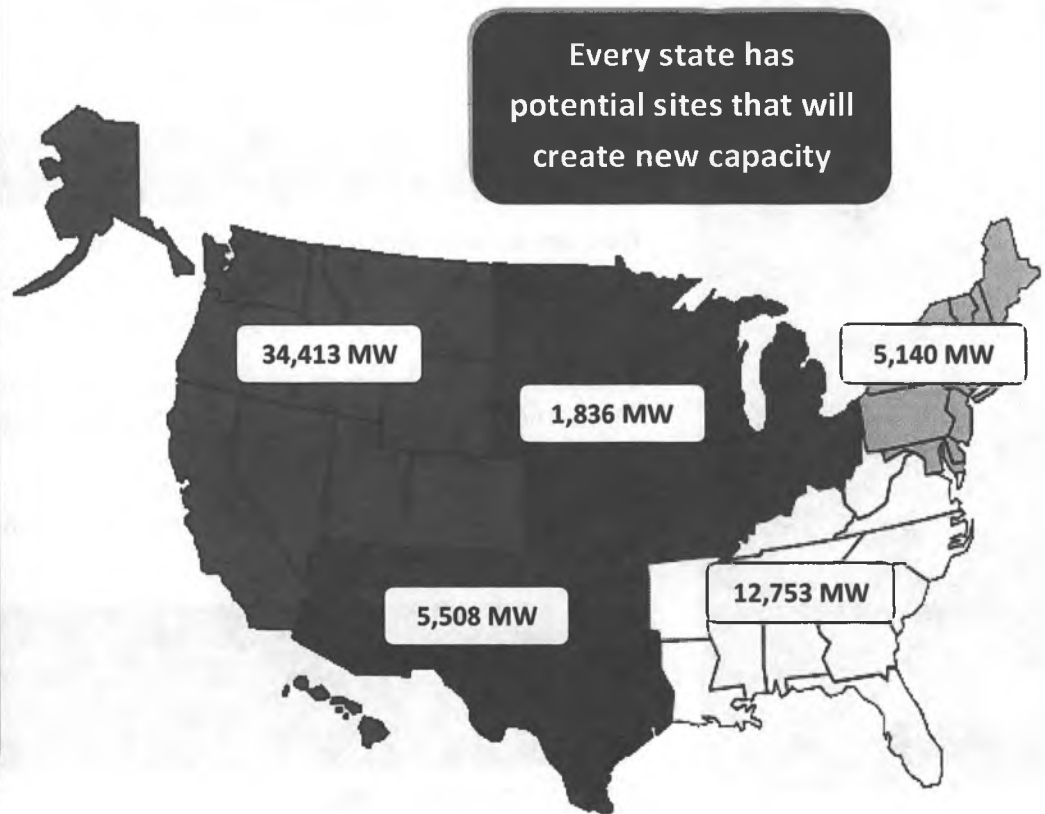
Growth by 2025 under accelerated scenario, all technologies

## All Regions Benefit

New technologies are unlocking the waterpower potential of every region of the country.

As new technologies become available, the U.S. hydropower industry will consider development at additional environmentally and economically feasible sites.

## Capacity Growth by Region



## Nationwide job growth

The U.S. hydropower industry will create new, family-supporting jobs in every region of the country.

More than 1.4 million domestic jobs will be created by 2025.

## Job Growth by Region

The U.S. hydropower industry can create 1.4 million jobs (cumulative) by 2025



112TH CONGRESS  
1ST SESSION

S. \_\_\_\_\_

To extend certain Federal benefits and income tax provisions to energy generated by hydropower resources.

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IN THE SENATE OF THE UNITED STATES

Ms. MURKOWSKI (for herself and Mr. BEGICH) introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To extend certain Federal benefits and income tax provisions to energy generated by hydropower resources.

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 Renew-  
5 able Energy Development Act of 2011".

6 **SEC. 2. HYDROELECTRIC ENERGY TREATED AS RENEW-**  
7 **ABLE ENERGY.**

8 Notwithstanding any other provision of law or regula-  
9 tion, for purposes of any Federal program or standard,  
10 the term "renewable energy" shall include hydroelectric

1 energy generated in the United States by a hydroelectric  
2 facility, including electric power produced by efficiency im-  
3 provements and capacity additions, generation added to  
4 nonpower dams, conduits, marine and hydrokinetic re-  
5 sources, lake taps, pumped storage facilities, and conven-  
6 tional hydropower.

7 **SEC. 3. PRODUCTION TAX CREDIT FOR HYDROPOWER RE-**  
8 **SOURCES.**

9 (a) IN GENERAL.—Subparagraph (A) of section  
10 45(c)(8) of the Internal Revenue Code of 1986 is amend-  
11 ed—

12 (1) by striking “and” at the end of clause (i),

13 (2) by striking the period at the end of clause

14 (ii) and inserting “, and”, and

15 (3) by adding at the end the following new  
16 clause:

17 “(iii) in the case of any hydropower  
18 facility described in subparagraph (D), the  
19 hydropower production from the facility for  
20 the taxable year.”.

21 (b) PRODUCTION.—Paragraph (8) of section 45(c) of  
22 the Internal Revenue Code of 1986 is amended by adding  
23 at the end the following new subparagraph:

24 “(D) OTHER HYDROPOWER PRODUCTION  
25 FACILITIES.—For purposes of subparagraph

1 (A), a facility is described in this subparagraph  
2 if such facility—

3 “(i) is a hydroelectric dam or non-  
4 hydroelectric dam—

5 “(I) which is placed in service  
6 after the date of the enactment of the  
7 Hydropower Renewable Energy Devel-  
8 opment Act of 2011, and

9 “(II) which would be described in  
10 subparagraph (A)(i) or (C) but for the  
11 placed in service date,

12 “(ii) is a hydroelectric facility not de-  
13 scribed in clause (i) which has a nameplate  
14 capacity rating of less than 50 megawatts,  
15 or

16 “(iii) is not described in clause (i) or  
17 (ii) and generates energy through the use  
18 of a lake tap or pumped storage.”.

19 (c) QUALIFIED FACILITIES.—Paragraph (9) of sec-  
20 tion 45(d) of the Internal Revenue Code of 1986 is amend-  
21 ed to read as follows:

22 “(9) QUALIFIED HYDROPOWER FACILITY.—

23 “(A) INCREMENTAL HYDROPOWER PRO-  
24 Duction.—In the case of a facility described in  
25 subsection (c)(8), without regard to subpara-

1 graph (C) or (D) thereof, which produces incre-  
2 mental hydropower production, the term ‘quali-  
3 fied facility’ means such facility but only to the  
4 extent of such incremental hydropower produc-  
5 tion attributable to efficiency improvements or  
6 additions to capacity described in subsection  
7 (c)(8)(B) placed in service after August 8,  
8 2005, and before January 1, 2014.

9 “(B) PRODUCTION FROM CERTAIN NON-  
10 HYDROELECTRIC DAMS.—In the case of a facil-  
11 ity described in subsection (c)(8)(C) which pro-  
12 duces qualified hydropower production, the  
13 term ‘qualified facility’ means any such facility  
14 placed in service after August 8, 2005, and be-  
15 fore January 1, 2014.

16 “(C) PRODUCTION FROM OTHER HYDRO-  
17 POWER FACILITIES.—In the case of qualified  
18 hydropower production at a facility after the  
19 date of the enactment of the Hydropower Re-  
20 newable Energy Development Act of 2011, the  
21 term ‘qualified facility’ includes any such facil-  
22 ity which is described in subsection (c)(8)(D).

23 “(D) CREDIT PERIOD.—In the case of a  
24 qualified facility described in subparagraph (A),  
25 the 10-year period referred to in subsection (a)

1 shall be treated as beginning on the date the ef-  
2 ficiency improvements or additions to capacity  
3 are placed in service.”.

4 (d) INCREASE IN CREDIT RATE.—Subparagraph (A)  
5 of section 45(b)(4) of the Internal Revenue Code of 1986  
6 is amended by striking “(7), (9), or (11)” and inserting  
7 “or (7)”.

8 (e) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to electricity produced after the  
10 date of the enactment of this Act.

11 **SEC. 4. 5-YEAR ACCELERATED DEPRECIATION PERIOD FOR**  
12 **EQUIPMENT WHICH PRODUCES ELECTRICITY**  
13 **FROM MARINE RENEWABLES AND HYDRO-**  
14 **POWER.**

15 (a) IN GENERAL.—Subclause (III) of section  
16 168(e)(3)(B)(vi) of the Internal Revenue Code of 1986 is  
17 amended to read as follows:

18 “(III) is described in section  
19 45(d)(11) (without regard to any  
20 placed in service date) and converts  
21 marine and hydrokinetic renewable  
22 energy (as defined in section  
23 45(c)(10)) into useable energy,”.

24 (b) CONVENTIONAL HYDROPOWER.—Clause (vi) of  
25 section 168(e)(3)(B) of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new  
2 subclause:

3                               “(IV) is described in section  
4                               45(d)(9) (without regard to any  
5                               placed in service date) and has quali-  
6                               fied hydropower production (as de-  
7                               fined in section 45(c)(8)), and”.

8       (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to property placed in service after  
10 the date of the enactment of this Act.