

Potential Benefits to MSW Landfills from HR 6			
I. US Landfill Inventory as of June 2003			
Millions of tons of waste-in-place			
	Waste-in-Place (WIP)	Less Direct Thermal Use	Net WIP*
Status of Landfill Gas Recovery			
Operational	2,922.4	(827.6)	2,094.8
In Construction	201.6	(37.7)	163.9
Potential	1,155.9	-	1,155.9
Unknown	1,726.6	-	1,726.6
Shutdown	404.0	-	404.0
Total	6,410.4	(865.3)	5,545.2
*Net WIP is potentially available for production of electric power.			
Source: US EPA, Landfill Methane Outreach Program, Landfill and Project Database, June 2003 Version. Downloaded from: http://www.epa.gov/lmop/projects/lmopdata.xls			
II. Landfill Waste Base Potentially Eligible for Section 45 Tax Credit			
A. Facilities excluded			
Already operational			2,095
Shutdown			404
Residual base			3,046
B. Type of ownership			
Credit goes to operator or lessee. Thus, publicly-owned facilities can benefit from the tax credit by using power lease arrangements with a private party.			
Though the net credit will be shared between the landfill owner and the power manager/lessee, the gross loss to the Treasury will be the full amount.			

III. Conversion of WIP into estimated kWh of electricity potential				
A. Value for Eligible Facilities		Rev. Loss	Outlay Equiv.	
Tax credit value, cents/kWh		1.2	1.87	
kWh/ton of waste		7.00	7.00	Source (1)
Tax credit/ton of waste/yr		8.40	13.07	cents/kWh
Tax credit value, \$/million tons waste		84,000	130,667	\$
B. Aggregate value if all facilities begin producing energy				
WIP, millions of tons		3,046	3,046	
Tax credit, year (\$millions)		256	398	
In-service window for eligibility	Date of enactment - 12/31/06			
Period of eligibility once in-service		5	5	years
Upper bound value of tax credit		1,279	1,990	
C. Value of tax credit under more realistic utilization scenarios				
Two factors can reduce the size of the credit to landfills. First, not 100% of facilities capable of obtaining the tax credit will want, or be able, to get electricity production in service prior to 1/1/2007. Second, the size of the tax breaks are reduced by up to 50% if a landfill has been 100% financed by public grants or tax-exempt debt. A high proportion of landfills will have substantial public investment. The following table illustrates the impact of these factors on the magnitude of the subsidy:				
	Eligible facilities bringing electricity generation in-service	Reduction due to use of public debt	Est. Subsidy (Rev. Loss, \$Mil)	Est. Subsidy (Outlay Equiv., \$Mil)
	25%	50%	160	249
	50%	30%	448	697
	75%	10%	864	1,343
Sources:				
(1)	US EPA Landfill Methane Outreach Program, "Potential Benefits Gains by Landfill Owners/Operators from LFGTE," last updated 4/27/2000. Obtained from http://www.epa.gov/lmop/follow.htm on 5/7/01.			
(2)	US EPA LMOP, Landfill Database, June 2003 version.			