

BILL ANALYSIS

Senate Research Center
80R19296 JD-F

C.S.H.B. 2994
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Business & Commerce
5/11/2007
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Economic Development Act and the Property Redevelopment and Tax Abatement Act are local option economic development tolls that allow the state to attract and retain jobs and large projects. Currently, as Texas and the nation struggle with the growing demand for low-cost, reliable, clean sources of energy, opportunities exist to attract and expand large scale nuclear power facilities and other electricity-producing technology. Nuclear energy currently provides nearly 14 percent of the energy needs in the ERCOT (Electric Reliability Council of Texas) region, and that percentage will grow as consumers demand clean, low-cost sources of energy. Integrated gasification combined cycle technology is a cleaner way of using coal to produce electricity than pulverized coal. Both technologies will play an increasing role in providing clean, reliable, and low-cost energy to the citizens of Texas.

C.S.H.B. 2994 enables local communities to offer incentives to owners of nuclear electric power-generating facilities or integrated gasification combined cycle facilities to locate or expand in Texas.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter C, Chapter 312, Tax Code, by adding Section 312.403, as follows:

Sec. 312.403. TAX ABATEMENT AGREEMENT FOR NUCLEAR ELECTRIC POWER GENERATION FACILITY IN COUNTY REINVESTMENT ZONE. (a) Defines "nuclear electric power generation."

(b) Authorizes an agreement made under this subchapter (Tax Abatement In County Reinvestment Zone) with the owner of property that is a nuclear electric power generation facility (facility) to include a provision that defers the effective date of the agreement to a later date agreed to by the taxing unit and the owner of the property, but not later than the seventh anniversary of the date the agreement is made.

(c) Authorizes the agreement, if the effective date is deferred under Subsection (b), to have a term ending not later than 10 years after the effective date of the agreement, notwithstanding Sections 312.204 (Municipal Tax Abatement Agreement) and 312.208 (Modification or Termination of Agreement).

SECTION 2. Amends Sections 313.021(1) and (4), Tax Code, to redefine "qualified investment" and "qualifying time period."

SECTION 3. Amends Section 313.024, Tax Code, by adding Subsections (a-1) and (b-1) and amending Subsection (c), as follows:

(a-1) Provides that this subchapter (Limitation on Appraised Value of Certain Property Used to Create Jobs) and Subchapters C (Limitation on Appraised Value of Property in

Certain Rural School Districts) and D (School Tax Credits) also apply to property used in the production of nuclear electric power that is owned by an entity to which on January 1, 2008, Chapter 171 (Franchise Tax) of this code, as amended by Chapter 1, Acts of the 79th Legislature, 3rd Called Session, 2006, will apply, notwithstanding Subsection (a). Provides that this subsection expires January 1, 2008.

(b-1) Provides that property used in connection with electric power generation by the use of integrated gasification combined cycle technology or nuclear electric power generation is eligible for a limitation on appraised value under this subchapter, notwithstanding Subsection (b). Provides that this subsection expires January 1, 2008.

(c) Makes a conforming change.

SECTION 4. Amends Section 313.024(b), Tax Code, as effective January 1, 2008, to provide that an entity is required to use property in connection with certain activities, including electric power generation using integrated gasification combined cycle technology or nuclear electric power generation in order to be eligible for a limitation on appraised value under this subchapter.

SECTION 5. Amends Section 313.024(e), Tax Code, by adding Subdivisions (3) and (4) to define "integrated gasification combined cycle technology" and "nuclear electric power generation."

SECTION 6. Amends Subchapter B, Chapter 313, Tax Code, by adding Section 313.032, as follows:

Sec. 313.032. REPORT ON COMPLIANCE WITH AGREEMENTS. (a) Requires the comptroller of public accounts (comptroller), before the beginning of each regular session of the legislature, to submit to the lieutenant governor, the speaker of the house of representatives, and each other member of the legislature a report assessing the progress of each agreement made under this chapter. Requires the report to be based on data certified to the comptroller by each recipient of a limitation on appraised value under this subchapter and state for each agreement certain information.

(b) Prohibits the report from including information that is made confidential by law.

(c) Authorizes the comptroller to require a recipient to submit, on a form the comptroller provides, information required to complete the report.

SECTION 7. (a) Provides that the governmental acts and proceedings of the governing body of a taxing unit relating to the consideration or approval of an ad valorem tax abatement agreement under Chapter 312, Tax Code, that occurred before the effective date of this Act, or of the governing body of a school district relating to the consideration or approval of a limitation on appraised value for ad valorem tax purposes under Chapter 313, Tax Code, that occurred before the effective date of this Act, are validated as of the dates they occurred.

(b) Provides that the governmental acts and proceedings of the taxing unit or the governing body of the taxing unit that occurred after the consideration or approval of an ad valorem tax abatement agreement under Chapter 312, Tax Code, or of the school district or the governing body of the school district that occurred after the consideration or approval of a limitation on appraised value for ad valorem tax purposes under Chapter 313, Tax Code, may not be held invalid on the ground that the consideration or approval of the tax abatement agreement or limitation on appraised value, in the absence of this section, was invalid.

SECTION 8. (a) Effective date, except as otherwise provided by Subsection (b): upon passage or September 1, 2007.

(b) Effective date, Section 4: January 1, 2008.