

By: Birdwell, Hall
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S.B. No. 1754

A BILL TO BE ENTITLED

AN ACT

relating to the authority of a taxing unit to enter into an agreement to exempt from ad valorem taxation a portion of the value of property on which a renewable energy facility is located or is planned to be located.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 380, Local Government Code, is amended by adding Section 380.005 to read as follows:

Sec. 380.005. PROHIBITION ON ABATEMENT OF TAXES ON CERTAIN RENEWABLE ENERGY FACILITY PROPERTY. (a) In this section, "renewable energy facility" has the meaning assigned by Section 312.0022, Tax Code.

(b) This section applies only to a renewable energy facility that sells energy or ancillary services at wholesale for a power grid.

(c) The governing body of a municipality may not enter into an agreement authorized by this chapter to exempt from ad valorem taxation a portion of the value of real property on which a renewable energy facility is located or is planned to be located during the term of the agreement, or of tangible personal property that is located or is planned to be located on the real property during that term.

SECTION 2. Chapter 381, Local Government Code, is amended by adding Section 381.006 to read as follows:

1 Sec. 381.006. PROHIBITION ON ABATEMENT OF TAXES ON CERTAIN
2 RENEWABLE ENERGY FACILITY PROPERTY. (a) In this section,
3 "renewable energy facility" has the meaning assigned by Section
4 312.0022, Tax Code.

5 (b) This section applies only to a renewable energy facility
6 that sells energy or ancillary services at wholesale for a power
7 grid.

8 (c) A county, county industrial commission, or development
9 board may not enter into an agreement authorized by this chapter to
10 exempt from ad valorem taxation a portion of the value of real
11 property on which a renewable energy facility is located or is
12 planned to be located during the term of the agreement, or of
13 tangible personal property that is located or is planned to be
14 located on the real property during that term.

15 SECTION 3. Subchapter A, Chapter 312, Tax Code, is amended
16 by adding Section 312.0022 to read as follows:

17 Sec. 312.0022. PROHIBITION ON ABATEMENT OF TAXES ON CERTAIN
18 RENEWABLE ENERGY FACILITY PROPERTY. (a) In this section:

19 (1) "Qualifying battery energy storage facility"
20 means a facility at which is located an electrochemical device that
21 collects, stores, and discharges energy, other than a device that
22 collects, stores, and discharges energy generated from natural gas.

23 (2) "Renewable energy facility" means:

24 (A) a qualifying battery energy storage
25 facility;

26 (B) a solar power generation facility; or

27 (C) a wind power generation facility.

1 (3) "Solar power generation facility" means a facility
2 designed and used to convert the radiant energy from the sun into
3 thermal, mechanical, or electrical energy for distribution or sale.

4 (4) "Wind power generation facility" means a facility
5 designed and used to convert the energy available in the wind into
6 thermal, mechanical, or electrical energy for distribution or sale.

7 (b) This section applies only to a renewable energy facility
8 that sells energy or ancillary services at wholesale for a power
9 grid.

10 (c) The governing body of a taxing unit may not enter into an
11 agreement under this chapter to exempt from taxation a portion of
12 the value of real property on which a renewable energy facility is
13 located or is planned to be located during the term of the
14 agreement, or of tangible personal property that is located or is
15 planned to be located on the real property during that term.

16 SECTION 4. The changes in law made by this Act apply only to
17 an agreement entered into under Chapter 380 or 381, Local
18 Government Code, or Chapter 312, Tax Code, on or after the effective
19 date of this Act.

20 SECTION 5. This Act takes effect January 1, 2026.