

Amend CSHB 3928 as follows:

(1) Add the following appropriately numbered SECTION to the bill and renumber subsequent SECTIONS of the bill accordingly:

SECTION _____. (a) Chapter 171, Tax Code, is amended by adding Subchapter Y to read as follows:

SUBCHAPTER Y. TAX CREDIT FOR INSTALLATION OF
RESIDENTIAL SOLAR ELECTRIC SYSTEMS

Sec. 171.961. DEFINITIONS. In this section:

(1) "Commission" means the Public Utility Commission of Texas.

(2) "Participant" means a taxable entity that participates in the pilot program established under Section 171.964.

(3) "Solar electric system" means a device that:

(A) uses solar resources to generate electricity;

(B) has a generating capacity of not more than 1,000 kilowatts; and

(C) is installed with a five-year warranty against breakdown or undue degradation.

Sec. 171.962. ENTITLEMENT TO CREDIT. A taxable entity is entitled to a credit in the amount and under the conditions and limitations provided by this subchapter against the tax imposed under this chapter.

Sec. 171.963. QUALIFICATION. A taxable entity qualifies for a credit under this subchapter if:

(1) the taxable entity's primary business activity is the building of residential housing developments;

(2) the taxable entity is selected to participate in the pilot program established under Section 171.964; and

(3) as a participant in the pilot program, the taxable entity establishes one new residential housing development in which every house in the development is equipped with solar electric systems.

Sec. 171.964. PILOT PROGRAM FOR RESIDENTIAL SOLAR ELECTRIC SYSTEMS. (a) The commission shall develop by rule and implement a pilot program under which a taxable entity that is a residential

housing builder or developer is eligible for a credit against the tax imposed under this chapter for the cost of installing solar electric systems in each house in a new residential housing development the builder or developer establishes during the period of the pilot program.

(b) Not more than four taxable entities may participate in the pilot program. The commission shall select the participants through a competitive bidding process.

(c) In developing the pilot program, the commission shall establish:

(1) the period during which the program will operate;
and

(2) in consultation with the comptroller, procedures by which a participant may establish the amounts expended during an accounting period for the cost of installing solar electric systems in the housing development.

Sec. 171.965. AMOUNT; LIMITATIONS. (a) Subject to Subsection (b), the amount of the credit is equal to the amounts expended by a participant for the cost of installing solar electric systems in the new housing development established by the participant.

(b) The credit claimed for each privilege period may not exceed the amount of franchise tax due, before any other applicable tax credits, for the privilege period. A taxable entity may not claim the credit for more than two successive privilege periods, and the total credit claimed for two successive privilege periods may not exceed \$5 million.

(c) A taxable entity may claim a credit under this subchapter for an expenditure made during an accounting period only against the tax owed for the corresponding privilege period.

(d) A taxable entity may not carry over an expenditure made during a privilege period to a subsequent privilege period.

(e) A taxable entity may not convey, assign, or transfer a credit under this subchapter to another entity unless all of the assets of the taxable entity are conveyed, assigned, or transferred in the same transaction.

Sec. 171.966. APPLICATION FOR CREDIT. A taxable entity

must apply for a credit under this subchapter on or with the tax report for the period for which the credit is claimed.

Sec. 171.967. RULES. The comptroller shall adopt rules necessary to implement this subchapter.

Sec. 171.968. EXPIRATION. This subchapter expires January 1, 2011.

(b) The Public Utility Commission of Texas shall implement the pilot program for residential solar electric systems under Section 171.964, Tax Code, as added by this section, as soon as possible after the effective date of this section.

(2) On page 10, line 11, strike "\$600,000" and substitute "\$575,000".