

By: Cook of Navarro

H.B. No. 3111

A BILL TO BE ENTITLED

1 AN ACT

2 relating to a franchise tax credit for purchasing electricity from  
3 a clean coal project.

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

5 SECTION 1. Chapter 171, Tax Code, is amended by adding  
6 Subchapter V to read as follows:

7 SUBCHAPTER V. TAX CREDIT FOR PURCHASING POWER FROM CLEAN COAL  
8 PROJECT IN THIS STATE

9 Sec. 171.901. DEFINITION. In this subchapter, "clean coal  
10 project" has the meaning assigned by Section 5.001, Water Code.

11 Sec. 171.902. ENTITLEMENT TO CREDIT. A taxable entity is  
12 entitled to a credit in the amount and under the conditions and  
13 limitations provided by this subchapter against the tax imposed  
14 under this chapter.

15 Sec. 171.903. QUALIFICATION. A taxable entity qualifies  
16 for a credit under this subchapter if the taxable entity:

17 (1) is an electric utility or retail electric  
18 provider, as those terms are defined by Section 31.002, Utilities  
19 Code; and

20 (2) purchases electricity generated by a clean coal  
21 project in this state for resale to retail customers.

22 Sec. 171.904. AMOUNT; LIMITATIONS. (a) The amount of the  
23 credit is equal to 10 percent of the amount paid to the operator of a  
24 clean coal project for the electricity described by Section

1 171.903(2).

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

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

7 Sec. 171.905. APPLICATION FOR CREDIT. (a) A taxable entity  
8 must apply for a credit under this subchapter on or with the tax  
9 report for the period for which the credit is claimed.

10 (b) The comptroller shall adopt a form for the application  
11 for a credit. A taxable entity must use the form in applying for the  
12 credit.

13 Sec. 171.906. ASSIGNMENT. (a) A taxable entity may  
14 convey, assign, or transfer a credit under this subchapter to  
15 another entity.

16 (b) A taxable entity that intends to convey, assign, or  
17 transfer a credit under this subchapter shall deliver to the  
18 comptroller notice of that intention at least 30 days before the  
19 conveyance, assignment, or transfer occurs.

20 Sec. 171.907. RULES. The comptroller shall adopt rules  
21 necessary to implement this subchapter.

22 Sec. 171.908. EXPIRATION OF SUBCHAPTER. This subchapter  
23 expires on the date the FutureGen Industrial Alliance, Inc., loses  
24 its qualification as being exempt from federal taxation under  
25 Section 501(a), Internal Revenue Code of 1986, by being listed as an  
26 exempt entity under Section 501(c)(3) of that code.

27 SECTION 2. This Act applies only to a report originally due

1 on or after the effective date of this Act.

2 SECTION 3. This Act takes effect January 1, 2008.