

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 4, 2007

TO: Honorable Rick Hardcastle, Chair, House Committee on Energy Resources

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3732 by Hardcastle (Relating to implementing ultraclean energy projects in this state.),
As Introduced

No significant fiscal implication to the State is anticipated.

The bill would provide incentives for the use of clean coal technology by offering tax abatements and expedited permit processing for ultraclean energy projects. The bills require the Texas Commission on Environmental Quality (TCEQ) to issue or deny a permit for an ultra clean energy project within one year after receiving an administratively complete permit application. The TCEQ also would be required to include all elements of modern coal-fired Electric Generating Facilities (EGFs) to the list of equipment eligible for property tax "rollback" abatements. The bills also propose to amend section 313.024 of the Tax Code to add ultraclean energy projects to the uses of property eligible for limitations on appraised value for tax purposes. The proposed legislation would also require the TCEQ to adopt rules to implement the bill's provisions no later than January 1, 2008.

The TCEQ reports that implementing this bill will not result in significant administrative costs to the agency.

Local Government Impact

Because the bill would add a new list of types of pollution control equipment that is eligible for rollback abatements and include ultraclean energy projects to the types of uses eligible for certain appraised property value limitations, the bill could result in a loss of revenue to local entities collecting property taxes. The loss would depend on the value of property associated with clean coal technologies and ultraclean energy projects that would have otherwise been implemented within an entity's jurisdiction and subject to such taxes absent the rollback abatements and the limitations on appraised value provided by the legislation.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, WK, ZS, TL