

By: Dunnam

H.B. No. 3965

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation for certain property used to control pollution.

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

SECTION 1. Section 11.31, Tax Code, is amended by amending Subsections (a), (c), and (k) and adding Subsection (a-1) to read as follows:

(a) A person is entitled to an exemption from taxation of all or part of real and personal property that the person owns and that is used wholly or partly as a facility, device, or method for the control of air, water, or land pollution. Except as provided by Subsection (a-1), a [A] person is not entitled to an exemption from taxation under this section solely on the basis that the person manufactures or produces a product or provides a service that prevents, monitors, controls, or reduces air, water, or land pollution. Property used for residential purposes, or for recreational, park, or scenic uses as defined by Section 23.81, is ineligible for an exemption under this section.

(a-1) A person is entitled to an exemption from taxation under this section solely on the basis that the person manufactures or produces a product or provides a service that prevents, monitors, controls, or reduces air, water, or land pollution if:

(1) the person installs and uses the product, or provides the service, under a contract or other agreement with a

1 governmental entity to capture and convert waste, including gas,  
2 from public property; and

3 (2) the person:

4 (A) processes and delivers the waste to a common  
5 carrier to displace a natural resource; or

6 (B) processes and converts the waste to  
7 electrical or other useful energy and provides the energy to the  
8 governmental entity.

9 (c) In applying for an exemption under this section, a  
10 person seeking the exemption shall present in a permit application  
11 or permit exemption request to the executive director of the Texas  
12 Natural Resource Conservation Commission information detailing:

13 (1) the anticipated environmental benefits from the  
14 installation of the facility, device, or method for the control of  
15 air, water, or land pollution;

16 (2) the estimated cost of the pollution control  
17 facility, device, or method; and

18 (3) the purpose of the installation of such facility,  
19 device, or method, and the proportion of the installation that is  
20 pollution control property.

21 (c-1) If the installation includes property that is not used  
22 wholly for the control of air, water, or land pollution, the person  
23 seeking the exemption shall also present such financial or other  
24 data as the executive director requires by rule for the  
25 determination of the proportion of the installation that is  
26 pollution control property. This subsection does not apply to a  
27 product, service, or installation that is exempt under Subsection

1 (a-1).

2           (k) The Texas Commission on Environmental Quality shall  
3 adopt rules establishing a nonexclusive list of facilities,  
4 devices, or methods for the control of air, water, or land  
5 pollution, which must include:

6                 (19) a product, service, equipment, or installation  
7 exempt under Subsection (a-1).

8           SECTION 2. This Act takes applies only to an ad valorem tax  
9 year that begins on or after the effective date of this Act.

10           SECTION 3. This Act takes effect January 1, 2010.