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S.B. No. 483

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of incentives by this state for the implementation of certain projects to capture and sequester in geological formations carbon dioxide that would otherwise be emitted into the atmosphere.

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

SECTION 1. The heading to Subchapter G, Chapter 490, Government Code, is amended to read as follows:

SUBCHAPTER G. CLEAN COAL PROJECTS AND CLEAN ENERGY PROJECTS

SECTION 2. Section 490.301, Government Code, is amended to read as follows:

Sec. 490.301. DEFINITIONS [~~DEFINITION~~]. In this subchapter:

(1) "Clean [,"clean] coal project" has the meaning assigned by Section 5.001, Water Code.

(2) "Clean energy project" has the meaning assigned by Section 120.001, Natural Resources Code.

SECTION 3. The heading to Section 490.304, Government Code, is amended to read as follows:

Sec. 490.304. CONTRACTING AUTHORITY RELATED TO IMPLEMENTING CLEAN COAL PROJECT; FRANCHISE TAX CREDIT.

SECTION 4. Subchapter G, Chapter 490, Government Code, is amended by adding Section 490.305 to read as follows:

Sec. 490.305. FRANCHISE TAX CREDIT FOR CLEAN ENERGY

1 PROJECT. (a) The comptroller shall adopt rules for issuing to an
2 entity implementing a clean energy project in this state a
3 franchise tax credit to promote research and development activities
4 related to the project.

5 (b) A franchise tax credit may not be issued to an entity
6 implementing a clean energy project until the construction of the
7 project has been completed and the project is fully operational.
8 Franchise tax credits may be issued only for the first three clean
9 energy projects that qualify for a tax credit. The total amount of
10 franchise tax credits that may be issued for each clean energy
11 project may not exceed \$100 million.

12 (c) A franchise tax credit may be issued, in accordance with
13 the comptroller's rules, to an entity, irrespective of whether the
14 entity owes or pays a franchise tax under Chapter 171, Tax Code.
15 The entity may assign the franchise tax credits to a taxable entity,
16 as defined by Section 171.0002, Tax Code, in accordance with the
17 comptroller's rules.

18 SECTION 5. Subtitle D, Title 3, Natural Resources Code, is
19 amended by adding Chapter 120 to read as follows:

20 CHAPTER 120. MONITORING OF CARBON DIOXIDE CAPTURED BY
21 CLEAN ENERGY PROJECT

22 Sec. 120.001. DEFINITION. In this chapter, "clean energy
23 project" means a project to construct a coal-fired electric
24 generating facility that will:

- 25 (1) have a capacity of at least 200 megawatts;
26 (2) use integrated gasification combined cycle
27 technology; and

1 (3) be capable of capturing and permanently
2 sequestering in a geological formation at least 60 percent of the
3 carbon dioxide resulting from the generation of electricity by the
4 facility.

5 Sec. 120.002. MONITORING OF SEQUESTERED CARBON DIOXIDE.

6 The Bureau of Economic Geology of The University of Texas at Austin
7 shall monitor, measure, and verify the permanent status of
8 sequestered carbon dioxide generated by the first three clean
9 energy projects that qualify for a franchise tax credit under
10 Section 490.305, Government Code.

11 SECTION 6. Section 202.0545, Tax Code, is amended by adding
12 Subsection (i) to read as follows:

13 (i) Notwithstanding Subsection (a), the producer of oil
14 recovered through an enhanced oil recovery project that uses carbon
15 dioxide that is generated by a clean energy project as defined by
16 Section 120.001, Natural Resources Code, is entitled to a tax rate
17 reduction under this section until the 30th anniversary of the date
18 the comptroller first approves an application for a tax rate
19 reduction under this section if the producer otherwise qualifies
20 for the tax rate reduction.

21 SECTION 7. The comptroller shall adopt rules under Section
22 490.305, Government Code, as added by this Act, not later than
23 December 31, 2010.

24 SECTION 8. This Act takes effect September 1, 2009.