

By: Farrar

H.B. No. 1849

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax deduction for the cost of certain sustainable commercial buildings.

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

SECTION 1. Subchapter C, Chapter 171, Tax Code, is amended by adding Section 171.1075 to read as follows:

Sec. 171.1075. DEDUCTION OF COST OF SUSTAINABLE BUILDING FROM MARGIN APPORTIONED TO THIS STATE. (a) In this section, "energy office" means the State Energy Conservation Office.

(b) A taxable entity may deduct from its apportioned margin 10 percent of the amortized cost of a commercial building if:

(1) the building is a sustainable building certified by the energy office under Subsection (e);

(2) the building is constructed by the taxable entity;

(3) the building is located in this state; and

(4) the cost of the building is amortized in accordance with Subsection (c).

(c) The amortization of the cost of a sustainable building must:

(1) be for a period of at least 60 months;

(2) provide for equal monthly amounts or conform to federal depreciation schedules;

(3) begin on the month in which the building is placed in service; and

1 (4) cover only a period in which the building is in
2 use.

3 (d) A taxable entity that makes a deduction under this
4 section shall file with the comptroller an amortization schedule
5 showing the period in which a deduction is to be made. On the
6 request of the comptroller, the taxable entity shall file with the
7 comptroller proof of:

8 (1) certification by the energy office under
9 Subsection (e); and

10 (2) the cost of the building.

11 (e) The energy office shall certify a sustainable building
12 that meets the standards adopted by the energy office under
13 Subsection (f).

14 (f) The energy office shall:

15 (1) adopt and update as necessary energy efficiency
16 and conservation standards for the construction of a sustainable
17 building that initially match those of a silver certification for a
18 commercial building under the Leadership in Energy and
19 Environmental Design (LEED) rating system as it exists on January
20 1, 2011; and

21 (2) adopt rules to implement this section.

22 SECTION 2. This Act applies only to a report originally due
23 on or after the effective date of this Act.

24 SECTION 3. This Act takes effect January 1, 2012.