

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 2, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

IN RE: HB2815 by Taylor, Larry (Relating to the exemption from ad valorem taxation of energy storage systems or technologies used wholly or partly as a facility, device, or method for the control of air pollution.), **As Introduced**

The bill would add specified energy storage systems to the list of items that are considered wholly or partly exempt as pollution control property and require that energy storage systems in nonattainment areas be considered as used wholly for the control of air pollution. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.

The bill would amend Section 11.31 of the Tax Code, regarding property taxation and pollution control property, to add energy storage systems or technologies with a storage capacity of at least 10 megawatts, including grid scale batteries, flywheels, and compressed air energy storage systems, to the list of items that must be treated as pollution control property in granting the existing pollution control property tax exemption. The bill would add new Subsection (k-1) to require that the items described above be considered as used wholly as devices for the control of air pollution if they are used to provide reliability services to an electrical grid within an area designated as a nonattainment area within the meaning of Section 107(d) of the federal Clean Air Act.

The bill's provisions that would add specified energy storage systems to the list of items that are considered wholly or partly exempt as pollution control property and require that energy storage systems in nonattainment areas be considered as used wholly for the control of air pollution would create a cost to units of local government and the state. No information is available to estimate the value of energy storage systems that would be exempted by the bill. Consequently, the fiscal impact cannot be determined.

The bill would take effect on January 1, 2012.

Local Government Impact

The bill would add specified energy storage systems to the list of items that are considered wholly or partly exempt as pollution control property and require that energy storage systems in nonattainment areas be considered as used wholly for the control of air pollution. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD, SJS