

Amend CSHB 3390 (senate committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

Section _____. Subchapter B, Chapter 35, Utilities Code, is amended by adding Section 35.004(f) to read as follows:

Sec. 35.004(f) AMOUNTS PAID IN LIEU OF AD VALOREM TAX.

(a) A municipally owned utility that owns and operates a transmission facility that is constructed under section §39.904(g)(2) may apply to the governing body of a school district, municipality, or county in which the utility owns or operates a transmission facility to make payments in lieu of ad valorem taxes on the transmission facility.

(b) A school district, municipality, or county may approve the application and enter into an agreement under Subsection (a), provided that the amount paid may not exceed the amount the utility would have to pay on that transmission facility if the facility were subject to ad valorem taxation.

(c) A municipally owned utility that agrees to make payments in lieu of ad valorem taxes under this section may recover, as part of the utility's cost of service, the amount paid to a municipality, county, or school district under the agreement.

(d) A municipally owned utility that agrees to make payments in lieu of ad valorem taxes under this section shall provide a copy of the agreement to the commission.