

BILL ANALYSIS

Senate Research Center

H.B. 1736
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

There are currently projects throughout the state that help control pollution by capturing methane gas that is naturally emitted by landfills. In addition to preventing the release of the harmful gas into the atmosphere, the practice removes a fire hazard and is reported to extend the life of a landfill by compressing its solid waste. Once the methane is captured, these projects convert the methane into a more environmentally friendly form of fuel.

Interested parties assert that despite their environmental benefit, these projects present economic challenges due to the heavy capital investment required and that some businesses have had to pull out of these projects altogether due to this economic strain, resulting in a relatively small number of projects of this kind in Texas. Many other states have addressed these challenges by granting property tax exemptions for methane capture and conversion projects. Although current law exempts property used for pollution control from property taxes, no laws have been enacted to address this specific situation in Texas. H.B. 1736 seeks to address some of the economic challenges facing facilities that convert landfill-generated methane into renewable natural gas.

H.B. 1736 amends current law relating to a temporary exemption from ad valorem taxation of property used to collect, process, and deliver landfill-generated gas.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Provides that the legislature finds that current rules adopted by the Texas Commission on Environmental Quality (TCEQ) regarding qualification of property for exemption from taxation under Section 11.31 (Pollution Control Property), Tax Code, are consistent with the legislature's desire to exempt only property used, constructed, acquired, or installed wholly or partly to meet or exceed laws, rules, or regulations adopted by any environmental protection agency of the United States, Texas, or a political subdivision of Texas, for the prevention, monitoring, control, or reduction of air, water, or land pollution. Provides that the legislature further finds that current unique market forces are a deterrent to landfill methane capture, and the limited exemption set forth in this Act will prevent the loss of facilities that help the state in reducing pollution.

SECTION 2. Amends Subchapter B, Chapter 11, Tax Code, by adding Section 11.311, as follows:

Sec. 11.311. TEMPORARY EXEMPTION: LANDFILL-GENERATED GAS CONVERSION FACILITIES. (a) Provides that this section applies only to real and personal property that is used in the manner described by Subsection (b) on January 1, 2014.

(b) Entitles a person to an exemption from taxation of the real and personal property the person owns that is located on or in close proximity to a landfill and is used to:

- (1) collect gas generated by the landfill;
- (2) compress and transport the gas;
- (3) process the gas so that it may be delivered into a natural gas pipeline, or used as a transportation fuel in methane-powered on-road or off-road vehicles or equipment; and
- (4) deliver the gas into a natural gas pipeline, or to a methane fueling station.

(c) Provides that property described by this section is considered to be property used as a facility, device, or method for the control of air, water, or land pollution.

(d) Provides that this section expires December 31, 2015.

SECTION 3. Provides that this Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 4. Effective date: January 1, 2014.