

BILL ANALYSIS

Senate Research Center
83R17047 TJB-F

H.B. 2500
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Ambiguity in the assessment of ad valorem tax evaluation in Texas has presented an obstacle to the development of industrial scale solar power projects, and places Texas at a competitive disadvantage compared to neighboring states.

H.B. 2500 seeks to provide more certainty and consistency for the property valuation and appraisal methodology for an industrial solar project in order to ensure that Texas remains complete in this emerging and valuable industry.

H.B. 2500 amends current law relating to the appraisal for ad valorem tax purposes of solar energy property.

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. Amends Subchapter B, Chapter 23, Tax Code, by adding Section 23.26, as follows:

Sec. 23.26. SOLAR ENERGY PROPERTY. (a) Defines, in this section, "solar energy property" to mean a "solar energy device."

(b) Provides that this section applies only to solar energy property that is constructed or installed on or after January 1, 2014.

(c) Requires the chief appraiser to use the cost method of appraisal to determine the market value of solar energy property.

(d) Requires the chief appraiser, to determine the market value of solar energy property using the cost method of appraisal, to:

(1) use cost data obtained from generally accepted sources;

(2) make any appropriate adjustment for physical, functional, or economic obsolescence and any other justifiable factor; and

(3) calculate the depreciated value of the property by using a useful life that does not exceed 10 years.

(e) Prohibits the chief appraiser from in any tax year determining the depreciated value under Subsection (d)(3) to be less than 20 percent of the value computed after making appropriate adjustments under Subsection (d)(2) to the value determined under Subsection (d)(1).

SECTION 2. Provides that this Act applies only to an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 3. Effective date: January 1, 2014.