

BILL ANALYSIS

Senate Research Center

S.B. 1529
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, there are five projects throughout the State of Texas that are helping to control pollution by capturing the methane gas that is naturally emitted by landfills, thereby preventing the release of this harmful gas into the atmosphere. This practice even removes a potential fire hazard, since the methane generated by landfills is flammable. Moreover, this practice has the additional benefit of extending the life of a landfill by compressing the solid waste contained therein. Once the methane is captured, these projects then convert the methane into a more environmentally friendly form of fuel.

However, despite these projects being so environmentally beneficial, they have also in most cases proven to be economically unviable due to the heavy capital investment that is needed. In fact, some businesses have had to pull out of these projects due to this economic strain, which in turn has resulted in the number of projects of this kind in Texas being relatively small. Many other states have confronted this problem by granting property tax exemptions for projects of this kind. Although the Texas Constitution authorizes the legislature to enact property tax exemptions for property used for pollution control, currently no laws have been enacted to address this specific situation in Texas.

S.B. 1529 allows an exemption from property taxation for all real and personal property owned or leased by a person that is used to accomplish the collection, compression, transport, and processing of landfill methane gas into a specific type of product gas. In order to qualify for the exemption, the product gas produced by the collection and conversion of the landfill methane gas will have to meet either the gas quality requirements of the natural gas pipeline into which such product gas is injected, or the gas quality required for use as a transportation fuel in methane powered on-road or off-road vehicles or equipment.

As proposed, S.B. 1529 amends current law relating to an exemption from property taxation for certain facilities that convert landfill generated methane into renewable natural 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. Amends Subchapter B, Chapter 11, Tax Code, by adding Section 11.35, as follows:

Sec. 11.35. LANDFILL GENERATED METHANE CONVERSION FACILITIES. (a) Entitles a person to an exemption from taxation of all real and personal property owned or leased by a person that is used as part of or in connection with a renewable natural gas facility to produce renewable natural gas, which collectively is a facility, device, or method for the control of air, water, or land pollution.

(b) Defines, in this section, "renewable natural gas."

(c) Defines, in this section, "renewable natural gas facility."

SECTION 2. Amends Section 11.43(c), Tax Code, as follows:

(c) Provides that an exemption provided by Section 11.35, once allowed, need not be claimed in subsequent years, and except as otherwise provided by Subsection (e) (relating to prohibiting a person, except as provided by certain sections, if a person required to apply for exemption in a given year fails to file timely a completed application form, from receiving the exemption for that year), the exemption applies to the property until it changes ownership or the person's qualification for the exemption changes. Makes a nonsubstantive change.

SECTION 3. EFFECTIVE DATE. Effective date: upon passage or September 1, 2013.