

By: Rodriguez of Travis

H.B. No. 2074

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax deduction for certain energy-generating equipment.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter C, Chapter 171, Tax Code, is amended by adding Section 171.109 to read as follows:

Sec. 171.109. DEDUCTION OF COST OF COMBINED HEAT AND POWER PROJECT FROM MARGIN APPORTIONED TO THIS STATE. (a) In this section, "combined heat and power project" means the construction or installation of one or more components of a system that is designed to provide the sequential generation of power and thermal energy with an overall efficiency of energy that exceeds 60 percent with or without thermal energy storage.

(b) A taxable entity may deduct from its apportioned margin 10 percent of the amortized cost of equipment:

- (1) that is used in a combined heat and power project;
- (2) that is acquired by the taxable entity for use in sequential generation of power and thermal energy;
- (3) that the taxable entity uses in this state; and
- (4) the cost of which is amortized in accordance with Subsection (c).

(c) The amortization of the cost of capital used in a combined heat and power project must:

- (1) be for a period of at least 60 months;

- 1           (2) provide for equal monthly amounts;  
2           (3) begin in the month during which the equipment is  
3 placed in service in this state; and  
4           (4) cover only a period during which the equipment is  
5 used in this state.

6           (d) A taxable entity that makes a deduction under this  
7 section shall file with the comptroller an amortization schedule  
8 showing the period for which the deduction is to be made. On the  
9 request of the comptroller, the taxable entity shall file with the  
10 comptroller proof of the cost of the equipment or proof of the  
11 equipment's operation in this state.

12           SECTION 2. This Act applies only to a report originally due  
13 on or after the effective date of this Act.

14           SECTION 3. This Act takes effect January 1, 2014.