

BILL ANALYSIS

C.S.H.B. 3732
By: Cook
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas Economic Development Act, which was established by the legislature to encourage large-scale capital investment in Texas, permits school districts to limit the appraised value of new business property that meets certain requirements for purposes of the school district's maintenance and operations property tax rate imposed on such property. Interested parties suggest that the state benefits from large-scale investment in clean and efficient electricity production beyond traditional fossil-fuel sources. C.S.H.B. 3732 seeks to encourage investments in large-scale electric energy storage facilities by making them eligible for limitations on appraised value under the Texas Economic Development Act.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3732 amends the Tax Code to include property used for a large-scale electric energy storage facility among the property uses for which the entity that owns the property is eligible for a limitation on appraised value for property tax purposes under the Texas Economic Development Act. The bill defines "large-scale electric energy storage facility" as a compressed air energy storage facility that qualifies as an electric energy storage facility within the scope of applicable Utilities Code provisions and has a rated capacity of not less than 250 megawatts, is capable of being economically dispatched by the independent organization certified by the Public Utility Commission of Texas for the Electric Reliability Council of Texas power region, and is capable of producing over 5,000 megawatt hours continuously without being recharged.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3732 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 313.024(b), Tax Code, is amended.

SECTION 2. Section 313.024(e), Tax Code, is amended by adding Subdivision (8) to read as follows:

(8) "Large-scale electric energy storage facility" means an electric energy storage facility within the scope of Subchapter E, Chapter 35, Utilities Code, that:

(A) has a rated capacity of not less than 300 megawatts;

(B) is capable of being economically dispatched by the independent organization certified under Section 39.151, Utilities Code, for the ERCOT power region; and

(C) is capable of producing over 20,000 megawatt hours continuously without being recharged.

No equivalent provision.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Same as introduced version.

SECTION 2. Section 313.024(e), Tax Code, is amended by adding Subdivision (8) to read as follows:

(8) "Large-scale electric energy storage facility" means a compressed air energy storage facility that qualifies as an electric energy storage facility within the scope of Subchapter E, Chapter 35, Utilities Code, and:

(A) has a rated capacity of not less than 250 megawatts;

(B) is capable of being economically dispatched by the independent organization certified under Section 39.151, Utilities Code, for the ERCOT power region; and

(C) is capable of producing over 5,000 megawatt hours continuously without being recharged.

SECTION 3. The changes in law made by this Act apply only to an agreement entered into under Chapter 313, Tax Code, on or after the effective date of this Act. An agreement entered into under that chapter before the effective date of this Act is governed by the law in effect on the date the agreement was entered into, and the former law is continued in effect for that purpose.

SECTION 4. Same as introduced version.