

By: Rodriguez of Travis

H.B. No. 2500

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 171.110 to read as follows:

Sec. 171.110. 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:

(1) provide the sequential generation of power and thermal energy for a facility and have an overall efficiency of energy that exceeds 60 percent;

(2) store thermal energy; or

(3) capture waste heat to generate electricity.

(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, storage of thermal energy, or capture of waste heat for generation of electricity;

(3) that the taxable entity uses in this state; and

1           (4) the cost of which is amortized in accordance with  
2 Subsection (c).

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

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

6                 (2) provide for equal monthly amounts;

7                 (3) begin in the month during which the equipment is  
8 placed in service in this state; and

9                 (4) cover only a period during which the equipment is  
10 used in this state.

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

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

19           SECTION 3. This Act takes effect January 1, 2016.