

By: Sparks

S.B. No. 1639

A BILL TO BE ENTITLED

AN ACT

relating to imposing a tax on the generation of electricity by certain electric generators to provide revenue for teacher pay raises.

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

SECTION 1. Subtitle E, Title 2, Tax Code, is amended by adding Chapter 165 to read as follows:

CHAPTER 165. TAX ON GENERATION OF ELECTRICITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 165.001. DEFINITIONS. In this chapter:

(1) "Affiliated power generation company," "electric utility," and "exempt wholesale generator" have the meanings assigned by Section 31.002, Utilities Code.

(2) "Electric cooperative" has the meaning assigned by Section 11.003, Utilities Code.

(3) "Electric generator" includes:

(A) an affiliated power generation company;

(B) an electric utility or electric cooperative that owns or operates for compensation in this state equipment or facilities to generate electricity in this state;

(C) an exempt wholesale generator; and

(D) a power generation company.

(4) "Power generation company" has the meaning assigned by Section 31.002, Utilities Code, except that the term

1 does not include a distributed natural gas generation facility, as  
2 that term is defined by Section 31.002, Utilities Code.

3 SUBCHAPTER B. IMPOSITION AND COLLECTION OF TAX

4 Sec. 165.021. TAX IMPOSED. A tax is imposed on each  
5 electric generator in this state that generates electricity using  
6 an energy source other than natural gas or coal.

7 Sec. 165.022. RATE OF TAX. (a) The rate of the tax imposed  
8 by this chapter is determined by the comptroller in the manner  
9 provided by this section.

10 (b) Not later than February 15 of each year, the comptroller  
11 shall calculate the tax rate to be in effect for the period  
12 beginning February 1 of that year and ending January 31 of the  
13 following year, publish that rate in the Texas Register, and post  
14 that rate on the comptroller's Internet website. The comptroller  
15 shall calculate the tax rate by:

16 (1) dividing the amount of revenue received by this  
17 state in the preceding year attributable to the tax imposed under  
18 Chapter 201 by the total cubic feet of natural gas produced in this  
19 state in that year; and

20 (2) multiplying the amount determined under  
21 Subdivision (1) by the average number of cubic feet of natural gas  
22 used to generate one kilowatt hour of electricity in the preceding  
23 year.

24 (c) The Public Utility Commission of Texas and the Railroad  
25 Commission of Texas shall, at the request of the comptroller,  
26 provide any information necessary for the comptroller to calculate  
27 the tax rate under Subsection (b).

1       Sec. 165.023. AMOUNT OF TAX DUE. The amount of tax due for a  
2 month from an electric generator on whom a tax is imposed by this  
3 chapter is equal to the tax rate in effect for that month as  
4 determined under Section 165.022 multiplied by the number of  
5 kilowatt hours of electricity the electric generator produced  
6 during the preceding month using an energy source other than  
7 natural gas or coal.

8       Sec. 165.024. PAYMENT OF TAX. On or before the 25th day of  
9 each month, each electric generator on whom a tax is imposed by this  
10 chapter shall send to the comptroller the amount of tax due under  
11 this chapter for electricity produced during the preceding month.

12       Sec. 165.025. REPORTS. On or before the 25th day of each  
13 month, each electric generator on whom a tax is imposed by this  
14 chapter shall file with the comptroller a report stating:

15               (1) the number of kilowatt hours of electricity  
16 generated during the preceding month using an energy source other  
17 than natural gas or coal; and

18               (2) any other information required by the comptroller.

19       Sec. 165.026. RECORDS. An electric generator on whom a tax  
20 is imposed by this chapter shall keep a complete record of:

21               (1) the number of kilowatt hours of electricity  
22 generated during the preceding month using an energy source other  
23 than natural gas or coal; and

24               (2) any other information required by the comptroller.

25               SUBCHAPTER C. DISPOSITION OF PROCEEDS

26       Sec. 165.051. DISPOSITION OF PROCEEDS. (a) The  
27 comptroller shall deposit the proceeds from the collection of the

1 tax imposed by this chapter to the credit of the general revenue  
2 fund.

3 (b) Money deposited to the credit of the general revenue  
4 fund under Subsection (a) may only be appropriated to provide pay  
5 increases for teachers employed by a school district or  
6 open-enrollment charter school.

7 SECTION 2. Notwithstanding Sections 165.024 and 165.025,  
8 Tax Code, as added by this Act, the first tax payment and report  
9 required under those sections is due March 25, 2026.

10 SECTION 3. This Act takes effect January 1, 2026.