

By: Birdwell

S.B. No. 1754

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the authority of a taxing unit to enter into an  
3 agreement to exempt from ad valorem taxation a portion of the value  
4 of property on which a renewable energy facility is located or is  
5 planned to be located.

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

7 SECTION 1. Chapter 380, Local Government Code, is amended  
8 by adding Section 380.005 to read as follows:

9 Sec. 380.005. PROHIBITION ON ABATEMENT OF TAXES ON CERTAIN  
10 RENEWABLE ENERGY FACILITY PROPERTY. (a) In this section,  
11 "renewable energy facility" has the meaning assigned by Section  
12 312.0022, Tax Code.

13 (b) This section applies only to a renewable energy facility  
14 that sells energy or ancillary services at wholesale for a power  
15 grid.

16 (c) The governing body of a municipality may not enter into  
17 an agreement authorized by this chapter to exempt from ad valorem  
18 taxation a portion of the value of real property on which a  
19 renewable energy facility is located or is planned to be located  
20 during the term of the agreement, or of tangible personal property  
21 that is located or is planned to be located on the real property  
22 during that term.

23 SECTION 2. Chapter 381, Local Government Code, is amended  
24 by adding Section 381.006 to read as follows:

1       Sec. 381.006. PROHIBITION ON ABATEMENT OF TAXES ON CERTAIN  
2 RENEWABLE ENERGY FACILITY PROPERTY. (a) In this section,  
3 "renewable energy facility" has the meaning assigned by Section  
4 312.0022, Tax Code.

5       (b) This section applies only to a renewable energy facility  
6 that sells energy or ancillary services at wholesale for a power  
7 grid.

8       (c) A county, county industrial commission, or development  
9 board may not enter into an agreement authorized by this chapter to  
10 exempt from ad valorem taxation a portion of the value of real  
11 property on which a renewable energy facility is located or is  
12 planned to be located during the term of the agreement, or of  
13 tangible personal property that is located or is planned to be  
14 located on the real property during that term.

15       SECTION 3. Subchapter A, Chapter 312, Tax Code, is amended  
16 by adding Section 312.0022 to read as follows:

17       Sec. 312.0022. PROHIBITION ON ABATEMENT OF TAXES ON CERTAIN  
18 RENEWABLE ENERGY FACILITY PROPERTY. (a) In this section:

19           (1) "Qualifying battery energy storage facility"  
20 means a facility at which is located an electrochemical device that  
21 collects, stores, and discharges energy, other than a device that  
22 collects, stores, and discharges energy generated from natural gas.

23           (2) "Renewable energy facility" means:

24                   (A) a qualifying battery energy storage  
25 facility;

26                   (B) a solar power generation facility; or

27                   (C) a wind power generation facility.

1           (3) "Solar power generation facility" means a facility  
2 designed and used to convert the radiant energy from the sun into  
3 thermal, mechanical, or electrical energy for distribution or sale.

4           (4) "Wind power generation facility" means a facility  
5 designed and used to convert the energy available in the wind into  
6 thermal, mechanical, or electrical energy for distribution or sale.

7           (b) This section applies only to a renewable energy facility  
8 that sells energy or ancillary services at wholesale for a power  
9 grid.

10           (c) The governing body of a taxing unit may not enter into an  
11 agreement under this chapter to exempt from taxation a portion of  
12 the value of real property on which a renewable energy facility is  
13 located or is planned to be located during the term of the  
14 agreement, or of tangible personal property that is located or is  
15 planned to be located on the real property during that term.

16           SECTION 4. The changes in law made by this Act apply only to  
17 an agreement entered into under Chapter 380 or 381, Local  
18 Government Code, or Chapter 312, Tax Code, on or after the effective  
19 date of this Act.

20           SECTION 5. This Act takes effect January 1, 2026.