

By: Hall

S.B. No. 2423

A BILL TO BE ENTITLED

AN ACT

relating to the imposition of a tax on certain entities that receive certain federal tax credits related to investing in and developing renewable energy projects in an amount equal to the federal tax credits received.

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 CERTAIN RENEWABLE ENERGY PROJECT DEVELOPERS

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) "Federal tax credit" means:

1 (A) the renewable energy production tax credit or
2 clean energy production tax credit under Section 45, Internal
3 Revenue Code of 1986;

4 (B) the investment tax credit or production tax
5 credit under Pub. L. No. 117-169, commonly cited as the Inflation
6 Reduction Act of 2022;

7 (C) the investment tax credit under 26 U.S.C.
8 Section 48; or

9 (D) any other federal tax credit for investment
10 in or production of renewable energy.

11 (5) "Power generation company" has the meaning
12 assigned by Section 31.002, Utilities Code, except that the term
13 does not include a distributed natural gas generation facility, as
14 that term is defined by Section 31.002, Utilities Code.

15 (6) "Renewable energy project developer" means an
16 electric generator or other entity that invests in the production
17 or storage of renewable energy.

18 SUBCHAPTER B. IMPOSITION AND COLLECTION OF TAX

19 Sec. 165.021. TAX IMPOSED. A tax is imposed on each
20 renewable energy project developer in this state that receives a
21 federal tax credit.

22 Sec. 165.022. AMOUNT OF TAX. The amount of the tax is equal
23 to the amount of the federal tax credit received by the renewable
24 energy project developer.

25 Sec. 165.023. REPORT AND PAYMENT OF TAX. (a) Not later
26 than April 15 of each year, a renewable energy project developer on
27 whom the tax is imposed shall file with the comptroller a report:

1 (1) stating the amount of the federal tax credit the
2 developer received in the preceding calendar year; and

3 (2) that includes any other information required by
4 the comptroller.

5 (b) The developer shall send the amount of tax due for the
6 preceding calendar year to the comptroller with the report.

7 Sec. 165.024. RECORDS. A renewable energy project
8 developer on whom the tax is imposed shall keep a complete record
9 of:

10 (1) the amount of all federal tax credits the
11 developer receives along with the qualified energy resource; and

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

13 SUBCHAPTER C. DISPOSITION OF PROCEEDS

14 Sec. 165.051. DISPOSITION OF PROCEEDS. The comptroller
15 shall deposit the proceeds from the collection of the tax as
16 follows:

17 (1) 25 percent to the credit of the foundation school
18 fund; and

19 (2) the remainder to the credit of the general revenue
20 fund.

21 SECTION 2. This Act takes effect September 1, 2025.