

## **BILL ANALYSIS**

Senate Research Center

H.B. 2845  
By: Danburg (Cain)  
Finance  
5/8/2001  
Engrossed

### **DIGEST AND PURPOSE**

Increased population in urban areas combined with a growing high tech industry has increased the need for reliable electrical power which in the past has been met through the construction of large central station power plants. However, transmission constraints in some areas could lead to periodic shortages during peak demand times. To ease the peak time strain on the electrical grid, the Public Utility Commission of Texas has encouraged the development of small scale distributed generation technologies. These technologies, such as natural gas and diesel fuel, emit significantly more emissions per-kilowatt-hour than large central station power plants which can contribute to an increase in air pollution. Low emission fuel cell technologies are currently commercially available, however at current rates these units may not be available in significant numbers at competitive prices for another five years. Certain incentives might encourage the use of fuel cells and accelerate the pace of deployment. H.B. 2845 requires the State Energy Conservation Office to develop a statewide plan for the coordinated acceleration of the commercialization of fuel cell generation in this state.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. DEFINITION. Defines "energy office."

SECTION 2. FUEL CELL COMMERCIALIZATION INITIATIVE. (a) Requires the State Energy Conservation Office (energy office) to develop a statewide plan for the coordinated acceleration of the commercialization of fuel cell generation in this state. Sets forth requirements for the plan.

(b) Requires the energy office, in developing the plan and proposed rules, guidelines, and operating procedures, to seek the assistance and support of certain entities. Sets forth requirements for the plan.

(c) Requires the energy office, not later than September 15, 2002, to issue to the House Energy Resources Committee and the Senate Business and Commerce Committee a report of its findings and recommendations for development of the fuel cell commercialization initiative, including certain findings and recommendations.

(d) Requires the energy office to appoint a fuel cell initiative advisory committee to advise the energy office regarding development of the plan and to assist the energy office in meeting the goals of this Act. Requires the energy office to appoint to the advisory committee certain representatives.

SECTION 3. Amends Chapter 171B, Tax Code, by adding Section 171.090, as follows:

Sec. 171.090. EXEMPTION--CORPORATION WITH BUSINESS INTEREST IN FUEL

CELL DEVICES. Defines "fuel cell device." Provides that a corporation engaged solely in the business of manufacturing, selling, or installing fuel cell devices is exempted from the franchise tax.

SECTION 4. Amends Chapter 171C, Tax Code, by adding Section 171.1071, as follows:

Sec. 171.1071. DEDUCTION OF COST OF FUEL CELL DEVICE FROM TAXABLE CAPITAL OR TAXABLE EARNED SURPLUS APPORTIONED TO THIS STATE. Defines "fuel cell device." Authorizes a corporation to deduct from its apportioned taxable capital the amortized cost of a fuel cell device or from its apportioned taxable earned surplus 10 percent of the amortized cost of a fuel cell device under certain conditions. Sets forth requirements for the amortization of the cost of a fuel cell device. Requires a corporation that makes a deduction under this section to file with the comptroller an amortization schedule showing the period in which a deduction is to be made. Requires the corporation, on the request of the comptroller, to file with the comptroller proof of the cost of the fuel cell device or proof of the device's operation in this state. Authorizes a corporation to elect to make the deduction authorized by this section either from apportioned taxable capital or apportioned taxable earned surplus for each separate regular annual period. Provides that an election for an initial period applies to the second tax period and to the first regular annual period.

SECTION 5. EFFECTIVE DATE. Effective date: September 1, 2001.