

BILL ANALYSIS

Senate Research Center
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S.B. 1278
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Ambiguity in the assessment of ad valorem tax valuation in Texas has presented an obstacle to the development of industrial scale solar power projects, and places Texas at a competitive disadvantage compared to neighboring states.

S.B. 1278 seeks to provide more certainty and consistency for the property valuation and appraisal methodology for an industrial solar project in order to ensure that Texas remains competitive in this emerging and valuable industry.

As proposed, S.B. 1278 amends current law relating to the appraisal for ad valorem tax purposes of solar energy property.

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. Amends Subchapter B, Chapter 23, Tax Code, by adding Section 23.26, as follows:

Sec. 23.26. SOLAR ENERGY PROPERTY. (a) Defines, in this section, "solar energy property."

(b) Requires the chief appraiser to use the cost method of appraisal to determine the market value of solar energy property.

(c) Requires the chief appraiser, to determine the market value of solar energy property using the cost method of appraisal, to:

(1) use cost data obtained from generally accepted sources;

(2) make any appropriate adjustment for physical, functional, or economic obsolescence; and

(3) calculate the depreciated value of the property by using a useful life that does not exceed five years.

SECTION 2. Provides that this Act applies only to an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 3. Effective date: January 1, 2014.