

BILL ANALYSIS

Senate Research Center

C.S.H.B. 994
By: Anchia et al. (West)
Finance
5/14/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The language from H.B. 1736 passed last session attempted to address some of the significant economic challenges facing landfills that capture and convert landfill generated methane into a more environmentally friendly form of fuel, renewable natural gas.

The measure granted a temporary property tax exemption for the five Texas projects that existed in 2013 to help control pollution by capturing methane gas naturally emitted from landfills. This exemption will expire December 31, 2015.

Since the bill's passage, at least four new landfill capture projects are now slated to begin construction. The expansion of these important pollution control efforts is in part due to another property tax exemption granted by the Texas Legislature last session.

In order to ensure the continued growth of projects that capture harmful methane gas at landfills C.S.H.B. 994 will make the property tax exemption authorized last legislative session permanent.

C.S.H.B. 994 amends current law relating to the exemption from ad valorem taxation of property used to collect, process, and deliver landfill-generated gas.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Commission on Environmental Quality in SECTION 3 (Section 11.311, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Repealer: Section 11.311(a) (providing that this section applies only to real and personal property that is used in the manner described by Subsection (b) (relating to entitling a person to an exemption) on January 1, 2014), Tax Code.

Repealer: Section 11.311(d) (providing that this section expires December 31, 2015), Tax Code.

SECTION 2. Amends the heading to Section 11.311, Tax Code, to read as follows:

Sec. 11.311. LANDFILL-GENERATED GAS CONVERSION FACILITIES.

SECTION 3. Amends Section 11.311, Tax Code, by adding Subsection (e), as follows:

(e) Requires the Texas Commission on Environmental Quality to develop rules to determine the value of the exemption granted under Subsection (b) (entitling a person to an exemption from taxation of the real and personal property the person owns that is located on or in close proximity to a landfill and is used to collect gas generated by the landfill, compress and transport the gas, process the gas so that it may be delivered into a natural gas pipeline, or used as a transportation fuel in methane-powered on-road or off-road vehicles or equipment, and deliver the gas into a natural gas pipeline or to a methane fueling station). Requires that the rules limit the value of the exemption to only the value of the equipment used as business personal property on which gas is collected.

SECTION 4. Provides that the change in law made by this Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 5. Effective date: January 1, 2016.