

SUBJECT: Exemption of pollution control equipment from property taxes

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 8 ayes — Hilderbran, Otto, Bohac, Button, Eiland, N. Gonzalez, Martinez Fischer, Strama

0 nays

1 absent — Ritter

WITNESSES: For — David Hodgins, Tax Exemption School Coalition; Donald Lee, Texas Conference of Urban Counties; Cyrus Reed, Lone Star Chapter, Sierra Club; Jim Robinson, Texas Association of Appraisal Districts; Bennett Sandlin, Texas Municipal League; Terry Simpson, San Patricio County; (*Registered, but did not testify:* Jim Allison, County Judges and Commissioners Association of Texas; Ramiro Canales, Texas Association of School Administrators; Brad Domangue, Texas City ISD; Aurora Flores, Texas Association of Counties; Dominic Giarratani, Texas Association of School Boards; Mark Mendez, Tarrant County)

Against — (*Registered, but did not testify:* David Cagnolatti, Phillips 66; Steve Perry, Chevron USA; Chris Shields, Tenaska; Bill Stevens, Texas Alliance of Energy Producers)

On — James LeBas; Association of Electric Companies of Texas, Inc. (*Registered, but did not testify:* Chance Goodin and Donna Huff, Texas Commission on Environmental Quality)

BACKGROUND: Tax Code, sec. 11.31 defines the property tax exemption program for pollution control equipment. The Texas Commission on Environmental Quality (TCEQ) determines whether equipment is wholly or partly for controlling pollution. TCEQ issues a letter of determination to companies providing the agency's findings.

Companies must file for property tax exemptions with the chief appraiser of a county.

DIGEST: CSHB 1897 would amend the Tax Code to provide that a chief appraiser

could not accept an application for the pollution control equipment exemption and the property owner was not entitled to the exemption unless the property owner also provided TCEQ's letter of final determination with the application.

The owner of pollution control equipment would not be entitled to the exemption, or to relief for the denial of the exemption, for any tax year preceding the year the property owner provided the determination letter.

CSHB 1897 would apply only to applications for exemption filed with the chief appraiser on or after the effective date of the bill.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.

**SUPPORTERS
SAY:**

CSHB 1897 would clarify for both companies and county appraisal offices that pollution control exemptions could not be granted until the appraisal office received a TCEQ final determination letter from the applicant.

In the past, some counties have granted the exemption pending TCEQ's determination only to learn that the company did not receive the exemption. This has created concerns that a county could be put in the position of attempting to collect back taxes from a company when TCEQ determined that a piece of equipment or other property did not partly or wholly qualify for the exemption.

**OPPONENTS
SAY:**

While the committee substitute resolved many of the opponents' concerns, CSHB 1897 could leave some companies unable to obtain the exemption even though they installed pollution-control equipment and their exemption application had been filed with the county.