

SUBJECT: Authorizing tax abatement agreements for electric generating facilities

COMMITTEE: Ways & Means — committee substitute recommended

VOTE: 10 ayes — Meyer, Thierry, Button, Gervin-Hawkins, Hefner, Muñoz, Noble, Raymond, Shine, Turner

0 nays

1 absent — Craddick

WITNESSES: For — Michael Bruno, Competitive Power Ventures (*Registered, but did not testify*; Mark Bell, Association of Electric Companies of Texas; Teresa Burnett, Monahans Chamber of Commerce; Christy Rome, Texas School Coalition)

Against — (*Registered, but did not testify*: Jason Sabo, Environment Texas; Dick Lavine, Every Texan; Cyrus Reed, Lone Star Chapter Sierra Club; Adrian Shelley, Public Citizen; Brent Bennett, Texas Public Policy Foundation)

On — (*Registered, but did not testify*: John Villarreal, Comptroller of Public Accounts)

BACKGROUND: Some have suggested that establishing an incentive for the construction of new dispatchable natural gas generation facilities through tax abatement programs could help provide for the reliability and resiliency of the ERCOT power grid.

DIGEST: CSHB 4429 would authorize tax abatement agreements between school districts and owners of electric generating facilities. The owner of a proposed electric generating facility could apply to the governing body of a school district in which a facility would be proposed to be located for exemption from school maintenance and operations taxes the portion of appraised value of qualified property that exceeded \$30 million.

The governing body of a school district would be required to approve or deny an application within 60 days from the date the application was submitted and would be required to approve the application unless the governing body determined that the proposed facility did not meet the required definition of an electric generating facility.

A school district that approved an application would be required to enter into a written agreement with the owner of the proposed facility within 90 days from the date the application was submitted. The agreement would entitle the owner to an exemption from taxation for school district maintenance and operations tax purposes for the portion of the appraised value of qualified property that exceeded \$30 million for a period of ten years beginning on the first January 1 after 2027 that the facility furnished electricity for the power grid.

The bill would include the following definitions:

- "electric generating facility" would mean a facility that was a natural gas-fired electric generating facility that provided dispatchable electric power for the ERCOT power grid and for which certain permits would be required and would include a facility that captured, used, reused, or stored carbon dioxide emission for enhanced oil recovery, sequestration, or other commercial uses, located in a reinvestment zone; and
- "qualified property" would mean property that was part of an electric generating facility and had an aggregated appraised value of \$1 billion on January 1 of the first year following the year in which the facility first furnished electricity for the power grid that included a building and other property described in the bill.

The 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, 2023.

NOTES:

According to the Legislative Budget Board, CSHB 4429 would have an impact of \$0 on general revenue related funds through the biennium

ending August 31, 2025. However, there would be a negative impact on general revenue related funds beginning in fiscal year 2027.