CHAPTER 1002
H.B. No. 2422

AN ACT
relating to consideration of advanced Internet-based computing service options in state purchasing and to the use of advanced Internet-based computing services by state agencies.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subchapter A, Chapter 2157, Government Code, is amended by adding Section 2157.007 to read as follows:

Sec. 2157.007. CONSIDERATION OF ADVANCED INTERNET-BASED COMPUTING SERVICE PURCHASE. (a) “Advanced Internet-based computing service” means a service that provides network access to a shared pool of configurable computing resources on demand, including networks, servers, storage, applications, or related technology services, that may be rapidly provisioned and released by the service provider with minimal effort and interaction. The term does not include telecommunications service or the act of hosting computing resources dedicated to a single purchaser.

(b) A state agency may consider advanced Internet-based computing service options, including any cost associated with purchasing those service options, when making purchases for a major information resources project under Section 2054.118.

(c) A state agency shall ensure that information resources projects that use advanced Internet-based computing service options meet or exceed required state standards for cybersecurity.

(d) Using existing resources, the department may review the process for the coordinated development, hosting, and management of computer software for state agencies that use advanced Internet-based computing services.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

Passed by the House on April 18, 2013: Yeas 143, Nays 0, 2 present, not voting; the House concurred in Senate amendments to H.B. No. 2422 on May 24, 2013: Yeas 146, Nays 0, 2 present, not voting; passed by the Senate, with amendments, on May 22, 2013: Yeas 31, Nays 0.

Approved June 14, 2013.
Effective June 14, 2013.

CHAPTER 1003
H.B. No. 2446

AN ACT
relating to the definitions of advanced clean energy projects and clean energy projects and to franchise tax credits for certain of those projects.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subchapter H, Chapter 490, Government Code, is transferred to Chapter 171, Tax Code, redesignated as Subchapter L, Chapter 171, Tax Code, and amended to read as follows:
Sec. 171.651. DEFINITION. In this subchapter, "clean energy project" has the meaning assigned by Section 120.001, Natural Resources Code.

Sec. 171.652. FRANCHISE TAX CREDIT FOR CLEAN ENERGY PROJECT. (a) The comptroller shall adopt rules for issuing to an entity implementing a clean energy project in this state a franchise tax credit against the tax imposed under this chapter. A clean energy project is eligible for a franchise tax credit only if the project is implemented in connection with the construction of a new facility.

(b) The comptroller shall issue a franchise tax credit to an entity operating a clean energy project after:

(1) the Railroad Commission of Texas has issued a certificate of compliance for the project to the entity as provided by Section 120.004, Natural Resources Code;
(2) the construction of the project has been completed;
(3) the electric generating facility associated with the project is fully operational;
(4) the Bureau of Economic Geology of The University of Texas at Austin verifies to the comptroller that the electric generating facility associated with the project is sequestering at least 70 percent of the carbon dioxide resulting from or associated with the generation of electricity by the facility; and
(5) the owner or operator of the project has entered into an interconnection agreement relating to the project with the Electric Reliability Council of Texas.

(c) The total amount of the franchise tax credit that may be issued to the entity designated in the certificate of compliance for a clean energy project is equal to the lesser of:

(1) 10 percent of the total capital cost of the project, including the cost of designing, engineering, permitting, constructing, and commissioning the project, the cost of procuring land, water, and equipment for the project, and all fees, taxes, and commissions paid and other payments made in connection with the project but excluding the cost of financing the capital cost of the project; or
(2) $100 million.

(d) The amount of the franchise tax credit for each report year is calculated by determining the amount of franchise tax that is due based on the taxable margin generated by a clean energy project from the generation and sale of power and the sale of any products that are produced by the electric generation facility. The total amount of the franchise tax credit that a taxable entity may claim under this section for a report, including the amount of any carryforward credit, may not exceed the amount of franchise tax due by the taxable entity for the report after any applicable tax credits attributable to the clean energy project for that report year. If a taxable entity is eligible to claim a credit that exceeds the limitation of this subsection, the taxable entity may carry the unused credit forward for not more than 20 consecutive reports. A carryforward is considered the remaining portion of the credit that the taxable entity does not claim in the current year because of the limitation.

(e) The entity designated in the certificate of compliance for a clean energy project may assign the credit to one or more taxable entities. A taxable entity to which the credit is assigned may claim the credit against the tax imposed under this chapter subject to the conditions and limitations of this subchapter.

(f) The comptroller may not issue a franchise tax credit under this section before the later of:

(1) September 1, 2018; or
(2) the expiration of an agreement under Chapter 313 regarding the clean energy project for which the credit is issued.

SECTION 2. Section 382.003(1-a), Health and Safety Code, is amended to read as follows:

2445
"Advanced clean energy project" means a project for which an application for a permit or for an authorization to use a standard permit under this chapter is received by the commission on or after January 1, 2008, and before January 1, 2020, and that:

(A) involves the use of coal, biomass, petroleum coke, solid waste, natural gas, or fuel cells using hydrogen derived from such fuels, in the generation of electricity, or the creation of liquid fuels outside of the existing fuel production infrastructure while co-generating electricity, whether the project is implemented in connection with the construction of a new facility or in connection with the modification of an existing facility and whether the project involves the entire emissions stream from the facility or only a portion of the emissions stream from the facility;

(B) with regard to the portion of the emissions stream from the facility that is associated with the project, is capable of achieving:

(i) on an annual basis:

(a) a 99 percent or greater reduction of sulfur dioxide emissions;

(b) [or,] if the project is designed for the use of feedstock, substantially all of which is subbituminous coal, an emission rate of 0.04 pounds or less of sulfur dioxide per million British thermal units as determined by a 30-day average; or

(c) if the project is designed for the use of one or more combustion turbines that burn natural gas, a sulfur dioxide emission rate that meets best available control technology requirements as determined by the commission;

(ii) on an annual basis:

(a) a 95 percent or greater reduction of mercury emissions; or

(b) if the project is designed for the use of one or more combustion turbines that burn natural gas, a mercury emission rate that complies with applicable federal requirements;

(iii) an annual average emission rate for nitrogen oxides of:

(a) 0.05 pounds or less per million British thermal units; [or]

(b) if the project uses gasification technology, 0.034 pounds or less per million British thermal units; or

(c) if the project is designed for the use of one or more combustion turbines that burn natural gas, two parts per million by volume; and

(iv) an annual average emission rate for filterable particulate matter of 0.015 pounds or less per million British thermal units; and

(C) captures not less than 50 percent of the carbon dioxide in the portion of the emissions stream from the facility that is associated with the project and sequesters that captured carbon dioxide by geologic storage or other means.

SECTION 3. Section 120.001(2), Natural Resources Code, is amended to read as follows:

(2) "Clean energy project" means a project to construct a coal-fueled, natural gas-fueled, or petroleum coke-fueled electric generating facility, including a facility in which the fuel is gasified before combustion, that will:

(A) have a capacity of at least 200 megawatts;

(B) meet the emissions profile for an advanced clean energy project under Section 382.003(1-a)(B), Health and Safety Code;

(C) capture at least 70 percent of the carbon dioxide resulting from or associated with the generation of electricity by the facility;

(D) be capable of permanently sequestering in a geological formation the carbon dioxide captured; and

(E) be capable of supplying the carbon dioxide captured for purposes of an enhanced oil recovery project.

SECTION 4. Section 120.002(b), Natural Resources Code, is amended to read as follows:

(b) An entity may apply to the commission for a certification that a project operated by the entity meets the requirements for a clean energy project.
application under this section before September 1, 2018. The application must be accompa-
(1) a certificate from a qualified independent engineer that the project is operational and
meets the standards provided by Sections 120.001(2)(A), (B), and (C); and
(2) a fee payable to the commission.

SECTION 5. Section 120.003(a), Natural Resources Code, is amended to read as follows:
(a) An entity that applies to the commission under Section 120.002 for a certification that a
project operated by the entity meets the requirements for a clean energy project is
responsible for conducting a monitoring, measuring, and verification process that demon-
strates that the project complies with the requirements of Section 171.652(b)(4), Tax

SECTION 6. Section 120.004(b), Natural Resources Code, is amended to read as follows:
(b) The commission may not issue a certificate of compliance for more than three clean
energy projects. Not more than one of the clean energy projects may be a natural gas
project.

SECTION 7. Not later than January 1, 2014, the comptroller of public accounts shall
adopt rules necessary to implement Subchapter L, Chapter 171, Tax Code, as redesignated
and amended by this Act.

SECTION 8. Not later than January 1, 2014, the Texas Commission on Environmental
Quality shall adopt rules as necessary to implement the change in law made by this Act to
Section 382.003, Health and Safety Code.

SECTION 9. The Railroad Commission of Texas may adopt rules as necessary to
implement the change in law made by this Act to Section 120.001, Natural Resources Code.

SECTION 10. The changes in law made by this Act do not apply to a clean energy project
that includes a precombustion integrated gasification combined cycle technology with carbon
capture and was selected by the United States Department of Energy for a Clean Coal Power
Initiative award before February 1, 2010. A clean energy project that includes a precombust-
ion integrated gasification combined cycle technology with carbon capture and was selected
by the United States Department of Energy for a Clean Coal Power Initiative award before
February 1, 2010, is governed by the law in effect immediately before the effective date of
this Act, and the former law is continued in effect for that purpose.

SECTION 11. This Act takes effect immediately if it receives a vote of two-thirds of all
the members elected to each house, as provided by Section 39, Article III, Texas Constitution.
If this Act does not receive the vote necessary for immediate effect, this Act takes effect
September 1, 2013.

Passed by the House on May 7, 2013: Yeas 120, Nays 11, 2 present, not voting; passed
by the Senate on May 22, 2013: Yeas 29, Nays 2.

Approved June 14, 2013.

Effective June 14, 2013.

CHAPTER 1004

H.B. No. 2447

AN ACT

relating to the sale and advertisement of portable fire extinguishers.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subtitle C, Title 9, Health and Safety Code, is amended by adding Chapter
797 to read as follows:

2447