

## **BILL ANALYSIS**

Senate Research Center  
87R10445 CJC-F

S.B. 1029  
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Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 1978, Texas voters adopted a constitutional amendment that allowed the 67th Texas Legislature to adopt Texas Property Tax Code Section 11.27. This section currently allows a person who installs or constructs a solar or wind energy device on their home for their personal use a property tax exemption for the amount of appraised value arising from that installation.

Most Texans have the option to either purchase their solar device outright or finance through a different entity. While the language in Section 11.27 does not contemplate ownership, there was also no contemplation of financing mechanisms at the time of adoption. Recently, confusion regarding how the valuation of a device should be taxed and if the exemption applies to a leased system has occurred.

Taxing authorities are varied on their interpretation of this exemption. This has led to tax disparity and different applications of the exemption among various counties in the state.

S.B. 1029 seeks to amend Texas Property Tax Code Section 11.27 to clarify that a residential on-site solar device is entitled to the prescribed tax exemption regardless of whether the device is purchased or leased. This clarification ensures the equal application of the device exemption and encourages on-site electricity generation and use.

As proposed, S.B. 1029 amends current law relating to the exemption from ad valorem taxation for certain solar or wind-powered energy devices.

### **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 Section 11.27, Tax Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Provides that a person is entitled to an exemption from taxation of the amount of appraised value of real property owned by the person that arises from the installation or construction on the property of a solar or wind-powered energy device that is primarily for production and distribution of energy for on-site use.

(a-1) Provides that a person is entitled to an exemption from taxation of the appraised value of a solar or wind-powered energy device owned by the person that is installed or constructed on real property and is primarily for production and distribution of energy for on-site use regardless of whether the person owns the real property on which the device is installed or constructed.

SECTION 2. Provides that the amendment made by this Act is a clarification of existing law and does not imply that existing law may be construed as inconsistent with the law as amended by this Act.

SECTION 3. Effective date: upon passage or September 1, 2021.