

AN ACT

relating to certain agreements made with electric power generation facilities under the Property Redevelopment and Tax Abatement Act and to similar agreements and compliance reports under the Texas Economic Development Act.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter C, Chapter 312, Tax Code, is amended by adding Section 312.403 to read as follows:

Sec. 312.403. TAX ABATEMENT AGREEMENT FOR NUCLEAR ELECTRIC POWER GENERATION FACILITY IN COUNTY REINVESTMENT ZONE. (a) In this section, "nuclear electric power generation" has the meaning assigned by Section 313.024(e).

(b) An agreement made under this subchapter with the owner of property that is a nuclear electric power generation facility may include a provision that defers the effective date of the agreement to a later date agreed to by the taxing unit and the owner of the property, but not later than the seventh anniversary of the date the agreement is made.

(c) If the effective date of an agreement is deferred under Subsection (b), the agreement may have a term ending not later than 10 years after the effective date of the agreement, notwithstanding Sections 312.204 and 312.208.

SECTION 2. Sections 313.021(1) and (4), Tax Code, are amended to read as follows:

1 (1) "Qualified investment" means:

2 (A) tangible personal property that is first  
3 placed in service in this state during the applicable qualifying  
4 time period that begins on or after January 1, 2002, and is  
5 described as Section 1245 property by Section 1245(a), Internal  
6 Revenue Code of 1986;

7 (B) tangible personal property that is first  
8 placed in service in this state during the applicable qualifying  
9 time period that begins on or after January 1, 2002, without regard  
10 to whether the property is affixed to or incorporated into real  
11 property, and that is used in connection with the manufacturing,  
12 processing, or fabrication in a cleanroom environment of a  
13 semiconductor product, without regard to whether the property is  
14 actually located in the cleanroom environment, including:

15 (i) integrated systems, fixtures, and  
16 piping;

17 (ii) all property necessary or adapted to  
18 reduce contamination or to control airflow, temperature, humidity,  
19 chemical purity, or other environmental conditions or  
20 manufacturing tolerances; and

21 (iii) production equipment and machinery,  
22 moveable cleanroom partitions, and cleanroom lighting; [~~or~~]

23 (C) tangible personal property that is first  
24 placed in service in this state during the applicable qualifying  
25 time period that begins on or after January 1, 2002, without regard  
26 to whether the property is affixed to or incorporated into real  
27 property, and that is used in connection with the operation of a

1 nuclear electric power generation facility, including:

2 (i) property, including pressure vessels,  
3 pumps, turbines, generators, and condensers, used to produce  
4 nuclear electric power; and

5 (ii) property and systems necessary to  
6 control radioactive contamination;

7 (D) tangible personal property that is first  
8 placed in service in this state during the applicable qualifying  
9 time period that begins on or after January 1, 2002, without regard  
10 to whether the property is affixed to or incorporated into real  
11 property, and that is used in connection with operating an  
12 integrated gasification combined cycle electric generation  
13 facility, including:

14 (i) property used to produce electric power  
15 by means of a combined combustion turbine and steam turbine  
16 application using synthetic gas or another product produced by the  
17 gasification of coal or another carbon-based feedstock; or

18 (ii) property used in handling materials to  
19 be used as feedstock for gasification or used in the gasification  
20 process to produce synthetic gas or another carbon-based feedstock  
21 for use in the production of electric power in the manner described  
22 by Subparagraph (i); or

23 (E) a building or a permanent, nonremovable  
24 component of a building that is built or constructed during the  
25 applicable qualifying time period that begins on or after January  
26 1, 2002, and that houses tangible personal property described by  
27 Paragraph (A), ~~(B)~~, (C), or (D).

1 (4) "Qualifying time period" means:

2 (A) the first two tax years that begin on or after  
3 the date a person's application for a limitation on appraised value  
4 under this subchapter is approved, except as provided by Paragraph  
5 (B); or

6 (B) in connection with a nuclear electric power  
7 generation facility, the first seven tax years that begin on or  
8 after the third anniversary of the date the school district  
9 approves the property owner's application for a limitation on  
10 appraised value under this subchapter, unless a shorter time period  
11 is agreed to by the governing body of the school district and the  
12 property owner.

13 SECTION 3. Section 313.024, Tax Code, is amended by adding  
14 Subsections (a-1) and (b-1) and amending Subsection (c) to read as  
15 follows:

16 (a-1) Notwithstanding Subsection (a), this subchapter and  
17 Subchapters C and D also apply to property used in the production of  
18 nuclear electric power that is owned by an entity to which on and  
19 after January 1, 2008, Chapter 171 of this code, as amended by  
20 Chapter 1, Acts of the 79th Legislature, 3rd Called Session, 2006,  
21 will apply. This subsection expires January 1, 2008.

22 (b-1) Notwithstanding Subsection (b), property used in  
23 connection with electric power generation by the use of integrated  
24 gasification combined cycle technology or nuclear electric power  
25 generation is eligible for a limitation on appraised value under  
26 this subchapter. This subsection expires January 1, 2008.

27 (c) For purposes of determining an applicant's eligibility

1 for a limitation under this subchapter:

2 (1) the land on which a building or component of a  
3 building described by Section 313.021(1)(E) [~~313.021(1)(C)~~] is  
4 located is not considered a qualified investment;

5 (2) property that is leased under a capitalized lease  
6 may be considered a qualified investment;

7 (3) property that is leased under an operating lease  
8 may not be considered a qualified investment; and

9 (4) property that is owned by a person other than the  
10 applicant and that is pooled or proposed to be pooled with property  
11 owned by the applicant may not be included in determining the amount  
12 of the applicant's qualifying investment.

13 SECTION 4. Section 313.024(b), Tax Code, as effective  
14 January 1, 2008, is amended to read as follows:

15 (b) To be eligible for a limitation on appraised value under  
16 this subchapter, the entity must use the property in connection  
17 with:

18 (1) manufacturing;

19 (2) research and development;

20 (3) a clean coal project, as defined by Section 5.001,  
21 Water Code;

22 (4) a gasification project for a coal and biomass  
23 mixture; ~~or~~

24 (5) renewable energy electric generation;

25 (6) electric power generation using integrated  
26 gasification combined cycle technology; or

27 (7) nuclear electric power generation.

1 SECTION 5. Section 313.024(e), Tax Code, is amended by  
2 adding Subdivisions (3) and (4) to read as follows:

3 (3) "Integrated gasification combined cycle  
4 technology" means technology used to produce electricity in a  
5 combined combustion turbine and steam turbine application using  
6 synthetic gas or another product produced from the gasification of  
7 coal or another carbon-based feedstock, including related  
8 activities such as materials-handling and gasification of coal or  
9 another carbon-based feedstock.

10 (4) "Nuclear electric power generation" means  
11 activities described in category 221113 of the 2002 North American  
12 Industry Classification System.

13 SECTION 6. Subchapter B, Chapter 313, Tax Code, is amended  
14 by adding Section 313.032 to read as follows:

15 Sec. 313.032. REPORT ON COMPLIANCE WITH AGREEMENTS. (a)  
16 Before the beginning of each regular session of the legislature,  
17 the comptroller shall submit to the lieutenant governor, the  
18 speaker of the house of representatives, and each other member of  
19 the legislature a report assessing the progress of each agreement  
20 made under this chapter. The report must be based on data certified  
21 to the comptroller by each recipient of a limitation on appraised  
22 value under this subchapter and state for each agreement:

23 (1) the number of qualifying jobs each recipient of a  
24 limitation on appraised value committed to create;

25 (2) the number of qualifying jobs each recipient  
26 created;

27 (3) the median wage of the new jobs each recipient

1 created;

2 (4) the amount of the qualified investment each  
3 recipient committed to spend or allocate for each project;

4 (5) the amount of the qualified investment each  
5 recipient spent or allocated for each project;

6 (6) the market value of the qualified property of each  
7 recipient as determined by the applicable chief appraiser;

8 (7) the limitation on appraised value for the  
9 qualified property of each recipient;

10 (8) the dollar amount of the taxes that would have been  
11 imposed on the qualified property if the property had not received a  
12 limitation on appraised value;

13 (9) the dollar amount of the taxes imposed on the  
14 qualified property;

15 (10) the number of new jobs created by each recipient  
16 in each sector of the North American Industry Classification  
17 System; and

18 (11) of the number of new jobs each recipient created,  
19 the number of jobs created that provide health benefits for  
20 employees.

21 (b) The report may not include information that is  
22 confidential by law.

23 (c) The comptroller may require a recipient to submit, on a  
24 form the comptroller provides, information required to complete the  
25 report.

26 SECTION 7. (a) The governmental acts and proceedings of the  
27 governing body of a taxing unit relating to the consideration or

1 approval of an ad valorem tax abatement agreement under Chapter  
2 312, Tax Code, that occurred before the effective date of this Act,  
3 or of the governing body of a school district relating to the  
4 consideration or approval of a limitation on appraised value for ad  
5 valorem tax purposes under Chapter 313, Tax Code, that occurred  
6 before the effective date of this Act, are validated as of the dates  
7 they occurred.

8 (b) The governmental acts and proceedings of the taxing unit  
9 or the governing body of the taxing unit that occurred after the  
10 consideration or approval of an ad valorem tax abatement agreement  
11 under Chapter 312, Tax Code, or of the school district or the  
12 governing body of the school district that occurred after the  
13 consideration or approval of a limitation on appraised value for ad  
14 valorem tax purposes under Chapter 313, Tax Code, may not be held  
15 invalid on the ground that the consideration or approval of the tax  
16 abatement agreement or limitation on appraised value, in the  
17 absence of this section, was invalid.

18 SECTION 8. (a) Except as otherwise provided by Subsection  
19 (b) of this section, this Act takes effect immediately if it  
20 receives a vote of two-thirds of all the members elected to each  
21 house, as provided by Section 39, Article III, Texas Constitution.  
22 If this Act does not receive the vote necessary for immediate  
23 effect, this Act takes effect September 1, 2007, except as provided  
24 by Subsection (b).

25 (b) Section 4 of this Act takes effect January 1, 2008.



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President of the Senate

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Speaker of the House

I certify that H.B. No. 2994 was passed by the House on April 25, 2007, by the following vote: Yeas 112, Nays 17, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2994 on May 25, 2007, by the following vote: Yeas 139, Nays 0, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 2994 was passed by the Senate, with amendments, on May 23, 2007, by the following vote: Yeas 27, Nays 3.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor