



## Summary of CCS Legislation passed during the 2009 Texas Legislative Session

### **H.B. 469 (Rep. Phil King/Sen. Kel Seliger) – relating to the establishment of incentives by this state for the implementation of certain projects to capture and sequester carbon dioxide that would otherwise be emitted into the atmosphere.**

- H.B. 469 creates significant incentives for the development of clean coal technology. H.B. 469 directs the comptroller of public accounts to issue franchise tax credits of 10 percent of the total capital costs or \$100 million per qualifying project, whichever is less. After September 1, 2013, only the first three completed qualifying projects would be eligible, and the credits may not be claimed until each project is fully operational.
- Modifies the definition of “Advanced clean energy project” (ACEP) under Section 382.003, Health and Safety Code, to allow projects permitted through standard permitting to qualify and to include projects that modify existing facilities. Also requires ACEP projects to capture at least 50% of the CO<sub>2</sub> from the emissions of the project and sequester that captured carbon dioxide by geologic storage or other means.
- H.B. 469 establishes a new sales tax exemption for tangible personal property used in connection with sequestration of anthropogenic carbon dioxide, if the property is installed to capture, transport or inject anthropogenic carbon dioxide.
- Finally, H.B. 469 extends the reduced severance tax rate for anthropogenic CO<sub>2</sub> used in EOR from 7 years to 30 years and removes the limitation imposed by the adoption of a final rule regulating CO<sub>2</sub> as a pollutant. Also under this provision, the bill separates commercial requirements from scientific requirements, by removing the operator’s obligation to ensure that 99% of the CO<sub>2</sub> sequestered will remain sequestered for at least 1000 years. This change puts the focus on providing the certifying agency with a reasonable expectation based on substantial evidence (science) that the CO<sub>2</sub> will be sequestered in the manner required.

### **H.B. 1796 (Rep. Warren Chisum/Sen. Kirk Watson) – relating to the development of carbon dioxide capture and sequestration in this state.**

- The bill requires the Land Commissioner to contract with the UT Bureau of Economic Geology (BEG) to conduct a study of state-owned offshore submerged land to identify potential locations for a carbon dioxide repository. The TCEQ is required to develop standards and rules for the offshore sequestration of carbon dioxide and any standards and rules developed must comply with any requirements issued by the U.S. EPA. The

School Lnad Board (SLB) is given the authority to make the final determination of suitable locations for carbon dioxide storage.

- After the storage location has met all applicable state and federal site closure requirements, the SLB will acquire title to the carbon dioxide stored in the carbon dioxide repository. The transfer of title does not relieve a producer of carbon dioxide of liability for any act or omission regarding the generation of stored carbon dioxide performed before the carbon dioxide was stored, or relieve a person who constructs and operates the carbon dioxide repository of liability for any act or omission regarding the construction or operation of the carbon dioxide repository
- After the transfer of title to the SLB, the producer of the carbon dioxide is relieved of liability for any act or omission regarding the carbon dioxide in the carbon dioxide repository.
- The bill establishes a New Technology Implementation Grant program administered by the TCEQ to implement new technologies to reduce emission from facilities and other stationary sources. Advanced Clean Energy Projects (which must capture at least 50% of there CO2 emissions) qualify for the NTIG program. To receive the grant applicants must provide at least 50% of the costs of implementing the project.

**H.B. 3676 (Rep. Joe Heflin/Sen. Kel Seliger) – relating to the Texas Economic Development Act**

- Includes tangible personal property used in connection with ACEP projects in the definition of “Qualified Investments” that are eligible to receive value-limitation agreements from a school district.
- Extends the Texas Economic Development Act for five years until December 31, 2014.
- Changes the Qualifying Time Period for ACEP projects to allow value-limitation agreements reducing the projects taxable value to begin after a reasonable construction period of up to five years. This change conforms the definition of qualifying time period with the definition of qualifying investment that was changed last year to include ACEP projects.

**H.B. 3896 (Rep. Rene Oliveira/Sen. Kel Seliger) – relating to the authority of the governing body of a municipality or the commissioners court of a county to enter into an ad valorem tax abatement agreement.**

- Extends for 10 years, the authority of cities, counties and other taxing jurisdictions to attract major economic development projects through the use of ad valorem tax abatements.

- Provides for the deferral of the commencement of an abatement period by agreement between the governing body of the taxing unit and the owner of the property subject to the tax agreement.

**H.B. 3435 (Rep. Mike Hamilton/Sen. Mike Jackson) – relating to exempting certain utility property from impact fees and assessments in certain water districts.**

- Exempts persons who own pipelines used for the transportation or sale of carbon dioxide from impact fees and assessments imposed by special districts.