

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

May 26, 2017

Date

Honorable Dan Patrick
President of the Senate

Honorable Joe Straus
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on S.B. 277 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Al Campbell

Byron Hooper

Bob Hall

Craig Evers

J. J. Huijs

On the part of the Senate

John B. F. L.

C. J. B. L.

Tom R.

Andrew Mun

J. J. Huijs

On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

S.B. No. 277

A BILL TO BE ENTITLED

AN ACT

relating to the eligibility of certain property for certain ad
valorem tax incentives relating to wind-powered energy devices.

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

SECTION 1. (a) The legislature finds that:

(1) the Texas Military Preparedness Commission has
found that military installations located in this state generate
\$136 billion in economic activity each year and directly or
indirectly contribute to the existence of almost 900,000 jobs;

(2) military aviation facilities in this state are of
vital importance to the security of this state and the nation and
are an integral part of this state's economy;

(3) the area surrounding a military aviation facility
is sensitive to security concerns and requires special attention by
this state;

(4) wind-powered energy devices and wind energy are
important components of this state's production of electricity; and

(5) the United States Department of Defense uses the
base realignment and closure process to reorganize the department's
base structure and has used the process to close more than 350
military bases since 1988.

(b) This Act is for the purposes of:

(1) promoting the public health, safety, and general
welfare of this state;

1 (2) protecting and preserving military aviation
2 facilities, the areas surrounding those facilities, and the
3 aviation operations or training conducted at those facilities from
4 any unintended consequences occurring as a result of the
5 installation or construction of wind-powered energy devices on
6 property located in close proximity to the boundaries of those
7 facilities;

8 (3) encouraging the development of wind farms and the
9 installation or construction of wind-powered energy devices in this
10 state under reasonable state regulations that recognize the
11 importance of wind energy and take into account the need to support
12 and protect military aviation facilities located in this state from
13 the United States Department of Defense's base realignment and
14 closure process;

15 (4) ensuring that an owner of property on which
16 wind-powered energy devices were constructed, or were under
17 construction, before September 1, 2017, and that is located in
18 close proximity to the boundaries of a military aviation facility
19 continues to be eligible to receive tax benefits under Chapter 312
20 or 313, Tax Code; and

21 (5) allowing an owner of property located in close
22 proximity to the boundaries of a military aviation facility to
23 continue to allow the installation or construction of wind-powered
24 energy devices on that property in the event the owner elects not to
25 seek tax benefits for that property under Chapter 312 or 313, Tax
26 Code.

27 (c) This Act may not be construed as limiting the ability of

1 a person to receive a tax benefit under Chapter 312 or 313, Tax
2 Code, for property that the person owns and on which a wind-powered
3 energy device is installed or constructed other than under the
4 conditions relating to the proximity of that property to a military
5 aviation facility as expressly provided by this Act.

6 SECTION 2. Subchapter A, Chapter 312, Tax Code, is amended
7 by adding Section 312.0021 to read as follows:

8 Sec. 312.0021. PROHIBITION ON ABATEMENT OF TAXES ON CERTAIN
9 PROPERTY NEAR MILITARY AVIATION FACILITY. (a) In this section:

10 (1) "Military aviation facility" means a base,
11 station, fort, or camp at which fixed-wing aviation operations or
12 training is conducted by the United States Air Force, the United
13 States Air Force Reserve, the United States Army, the United States
14 Army Reserve, the United States Navy, the United States Navy
15 Reserve, the United States Marine Corps, the United States Marine
16 Corps Reserve, the United States Coast Guard, the United States
17 Coast Guard Reserve, or the Texas National Guard.

18 (2) "Wind-powered energy device" has the meaning
19 assigned by Section 11.27.

20 (b) Notwithstanding any other provision of this chapter, an
21 owner or lessee of a parcel of real property that is located wholly
22 or partly in a reinvestment zone may not receive an exemption from
23 taxation of any portion of the value of the parcel of real property
24 or of tangible personal property located on the parcel of real
25 property under a tax abatement agreement under this chapter that is
26 entered into on or after September 1, 2017, if, on or after that
27 date, a wind-powered energy device is installed or constructed on

1 the same parcel of real property at a location that is within 25
2 nautical miles of the boundaries of a military aviation facility
3 located in this state. The prohibition provided by this section
4 applies regardless of whether the wind-powered energy device is
5 installed or constructed at a location that is in the reinvestment
6 zone.

7 (c) The prohibition provided by this section does not apply
8 if the wind-powered energy device is installed or constructed as
9 part of an expansion or repowering of an existing project.

10 SECTION 3. Section 313.024, Tax Code, is amended by adding
11 Subsection (b-1) to read as follows:

12 (b-1) Notwithstanding any other provision of this
13 subchapter, an owner of a parcel of land that is located wholly or
14 partly in a reinvestment zone, a new building constructed on the
15 parcel of land, a new improvement erected or affixed on the parcel
16 of land, or tangible personal property placed in service in the
17 building or improvement or on the parcel of land may not receive a
18 limitation on appraised value under this subchapter for the parcel
19 of land, building, improvement, or tangible personal property under
20 an agreement under this subchapter that is entered into on or after
21 September 1, 2017, if, on or after that date, a wind-powered energy
22 device is installed or constructed on the same parcel of land at a
23 location that is within 25 nautical miles of the boundaries of a
24 military aviation facility located in this state. The prohibition
25 provided by this subsection applies regardless of whether the
26 wind-powered energy device is installed or constructed at a
27 location that is in the reinvestment zone.

1 SECTION 4. Section 313.024(e), Tax Code, is amended by
2 adding Subdivisions (8) and (9) to read as follows:

3 (8) "Military aviation facility" has the meaning
4 assigned by Section 312.0021.

5 (9) "Wind-powered energy device" has the meaning
6 assigned by Section 11.27.

7 SECTION 5. Notwithstanding Sections 312.0021 and
8 313.024(b-1), Tax Code, as added by this Act, the change in law made
9 by this Act does not apply to a tax abatement agreement under
10 Chapter 312, Tax Code, or an application for a limitation on
11 appraised value under Chapter 313, Tax Code, the approval of which
12 is pending on the effective date of this Act.

13 SECTION 6. This Act takes effect September 1, 2017.

Senate Bill 277
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

SECTION 1. Legislative findings and intent.

SECTION 2. Subchapter A, Chapter 312, Tax Code, is amended by adding Section 312.0021, PROHIBITION ON ABATEMENT OF TAXES ON CERTAIN PROPERTY NEAR MILITARY AVIATION FACILITY, to read as follows:

(a) In this section:

(1) "Military aviation facility" means a base, station, fort, or camp at which fixed-wing aviation **operations or** training is conducted by the United States Air Force, the United States Air Force Reserve, the United States Army, the United States Army Reserve, the United States Navy, the United States Navy Reserve, the United States Marine Corps, the United States Marine Corps Reserve, the United States Coast Guard, the United States Coast Guard Reserve, or the Texas National Guard.

(2) "Wind-powered energy device" has the meaning assigned by Section 11.27.

(b) Notwithstanding any other provision of this chapter, an owner or lessee of a parcel of real property that is located wholly or partly in a reinvestment zone may not receive an exemption from taxation of any portion of the value of the parcel of real property or of tangible personal property located on the parcel of real property under a tax abatement agreement under this chapter that is entered into on or after September 1, 2017, if, on or after September 1, 2017, a wind-powered energy device is installed or constructed on the same parcel of real property at a location that is within 25 nautical miles of the boundaries of a military aviation facility located in this

HOUSE VERSION (IE)

No equivalent provision.

SECTION 1. Same as Senate version except as follows:

(a) Substantially the same as Senate version except omits reference to fixed wing aviation **operations**.

(b) Substantially the same as Senate version. [FA1(1)]

CONFERENCE

SECTION 1. Same as Senate version.

SECTION 2. Same as Senate version except as follows:

(a) Same as Senate version.

(b) Same as House version.

Senate Bill 277
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

HOUSE VERSION (IE)

CONFERENCE

state. The prohibition provided by this section applies regardless of whether the wind-powered energy device is installed or constructed at a location that is in the reinvestment zone.

No equivalent provision.

No equivalent provision.

SECTION 3. Section 313.024, Tax Code, is amended by adding Subsection (b-1) to read as follows:
(b-1) Notwithstanding any other provision of this subchapter, an owner of a parcel of land that is located wholly or partly in a reinvestment zone, a new building constructed on the parcel of land, a new improvement erected or affixed on the parcel of land, or tangible personal property placed in service in the building or improvement or on the parcel of land may not receive a limitation on appraised value under this subchapter for the parcel of land, building, improvement, or tangible personal property under an agreement under this subchapter that is entered into on or after September 1, 2017, if, on or after September 1, 2017, a wind-powered energy device is installed or constructed on the same parcel of land at a location that is within 25 nautical miles of the boundaries of a

(c) The prohibition provided by this section does not apply if the wind-powered energy device is installed or constructed pursuant to a memorandum of understanding or other agreement between the owner of the device and the United States Department of Defense that authorizes the installation or construction of the device.

(d) The prohibition provided by this section does not apply if the wind-powered energy device is installed or constructed as part of an expansion or repowering of an existing project.
[FA1,3rd(2)]

SECTION 2. Substantially the same as Senate version except establishes that ***the prohibition provided by this section does not apply if the wind-powered energy device is installed or constructed pursuant to a memorandum of understanding or other agreement between the owner of the device and the United States Department of Defense that authorizes the installation or construction of the device or as part of an expansion or repowering of an existing project.***
[FA1(2);FA1,3rd(3)]

Same as Senate version.

(c) Same as House version.

SECTION 3. Substantially the same as Senate version.

Senate Bill 277
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

HOUSE VERSION (IE)

CONFERENCE

military aviation facility located in this state. The prohibition provided by this subsection applies regardless of whether the wind-powered energy device is installed or constructed at a location that is in the reinvestment zone.

SECTION 4. Section 313.024(e), Tax Code, is amended.

SECTION 5. Section 312.0021, Tax Code, as added by this Act, and Section 313.024, Tax Code, as amended by this Act, apply only to ad valorem taxes imposed for a tax year beginning on or after January 1, 2018.

No equivalent provision.

SECTION 6. This Act takes effect *January 1, 2018*.

SECTION 3. Same as Senate version.

No equivalent provision.

SECTION __. Notwithstanding Sections 312.0021 and 313.024(b-1), Tax Code, as added by this Act, the change in law made by this Act does not apply to a tax abatement agreement under Chapter 312, Tax Code, or an application for a limitation on appraised value under Chapter 313, Tax Code, the approval of which is pending on the effective date of this Act. [FA1(3)]

SECTION 4. This Act takes effect *September 1, 2017*.

SECTION 4. Same as Senate version.

Same as House version.

SECTION 5. Same as House version.

SECTION 6. Same as House version.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 27, 2017

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB277 by Campbell (Relating to the eligibility of certain property for certain ad valorem tax incentives relating to wind-powered energy devices.), **Conference Committee Report**

Passage of the bill would amend Chapters 312 and 313 of the Tax Code to prohibit wind farm owners from receiving a property tax abatement through Chapter 312, or a property tax limitation through Chapter 313, if their wind turbines are located 25 nautical miles or less from a military aviation facility located in Texas. To the extent that wind farm owners, subject to the bill's provisions, would no longer be eligible to receive a property tax abatement or limitation, related costs to the Foundation School Fund could be decreased through the operation of the school finance formulas.

The bill would amend Chapters 312 and 313 of the Tax Code to prohibit wind farm owners from receiving a property tax abatement through Chapter 312, or a property tax limitation through Chapter 313, if their wind turbines are located 25 nautical miles or less from a military aviation facility located in Texas.

The bill would amend Chapter 312 by adding Section 312.0021 to define "military aviation facility" and "wind-powered energy device" by reference to Chapter 11.27 of this code. The new section would prohibit an owner, or a lessee, from receiving-on or after September 1, 2017-a property tax abatement on any real property that is wholly or partially within a reinvestment zone if a wind turbine on that parcel is constructed or installed on or after that date at a location within 25 nautical miles of the boundaries of a military aviation facility located in Texas.

The bill would amend Chapter 313 by adding new Subsection 313.024(b-1) to similarly disallow such property owners from receiving a school district Maintenance and Operations (M&O) property tax limitation under this chapter.

The bill would amend Subsection 313.024(e) to define "military aviation facility" and "wind-powered energy device" as the bill defines those terms in Chapter 312.

The bill specifies certain circumstances in which the proposed prohibition against receiving a tax benefit would not apply.

The Comptroller's Office indicates that the number of owners and amount of real property subject to the provisions of the bill cannot be determined.

The bill would take effect September 1, 2017.

Local Government Impact

Passage of the bill would amend Chapters 312 and 313 of the Tax Code to prohibit wind farm owners from receiving a property tax abatement through Chapter 312, or a property tax limitation through Chapter 313, if their wind turbines are located 25 nautical miles or less from a military aviation facility located in Texas. To the extent that wind farm owners, subject to the bill's provisions, would no longer be eligible to receive a property tax abatement or limitation, related ad valorem tax revenue for units of local government could be increased.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, SLE, KK, SD, SJS, LBO

Certification of Compliance with

Rule 13, Section 6(b), House Rules of Procedure

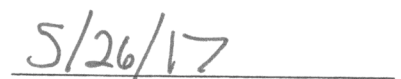
Rule 13, Section 6(b), House Rules of Procedure, requires a copy of a conference committee report signed by a majority of each committee of the conference to be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order under Rule 13.

I certify that a copy of the conference committee report on S.B. 277 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.



(name)

17R337(3)



(date)