



# SIERRA CLUB

## LONE STAR CHAPTER

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To: Chairman Morgan Meyer  
Vice-Chair Shawn Thierry  
Members, House Committee on Ways and Means

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### **Gas Plants with Carbon Capture Don't Need another Tax Breakt: Vote no on HB 4429**

**HB 4429 by Landgraf** would allow 10-year school tax abatement agreement for certain types of gas plants that receive an air permit from the TCEQ that may include carbon capture. While preventing the release of carbon into the atmosphere is a worthy goal, the Sierra Club does not support the continuation of Chapter 313 agreements. In addition, as written, the bill essentially requires the local school district to grant such a tax abatement if the plant meets certain requirements.

It is worth noting that the bill appears to be written to benefit a particular gas plant that has already announced it is planning to come to Texas, and specifically to the Odessa area. Passing legislation to supposedly attract new investment in Texas for dispatchable gas generation that also captures carbon when those investments are already coming doesn't seem to be in the interests of Texas.

With the passage of the Inflation Reduction Act in 2022, large federal tax incentives were significantly increased for carbon capture which is the reason these types of projects are suddenly possible. The new climate law increased the value of the federal 45Q tax credit, a key incentive for carbon capture projects.

Thus, there is little need to also give away school property taxes to attract these facilities. Texas already has the gas, the infrastructure, the pipelines, and the geography to attract these types of industry, and lowering our overall local revenues for schools seems like the wrong approach.

The particular company - Net Power - announced plans last fall to build the world's first utility-scale gas power plant with carbon capture, which it claims would generate electricity with close to zero emissions.

Construction on the roughly 300-megawatt project is expected to start during 2024 near Odessa, Texas, whether or not the company gets school tax breaks. The North Carolina-based Net Power expects the facility to be online in 2026, putting it in a race to become one of only three full-sized power plants ever equipped to capture carbon dioxide emissions. The company's largest investor is Occidental, the largest producer of carbon dioxide. The new power plant will be built near Occidental's Permian Basin operations. It will help power Occidental's planned direct air capture facility in Texas' Ector County, which the oil and gas company started construction on in 2022.