

By: Murphy

H.B. No. 711

A BILL TO BE ENTITLED

AN ACT

relating to the computation of an electric utility's income taxes.

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

SECTION 1. Section 36.060(a), Utilities Code, is amended to read as follows:

(a) If an expense is allowed to be included in utility rates or an investment is included in the utility rate base, the related income tax benefit must be included in the computation of income tax expense to reduce the rates. If an expense is not allowed to be included in utility rates or an investment is not included in the utility rate base, the related income tax benefit may not be included in the computation of income tax expense to reduce the rates. The income tax expense shall be computed using the statutory income tax rates. ~~[Unless it is shown to the satisfaction of the regulatory authority that it was reasonable to choose not to consolidate returns, an electric utility's income taxes shall be computed as though a consolidated return had been filed and the utility had realized its fair share of the savings resulting from that return, if:~~

~~[(1) the utility is a member of an affiliated group eligible to file a consolidated income tax return, and~~

~~[(2) it is advantageous to the utility to do so.]~~

SECTION 2. This Act takes effect September 1, 2013.