

# **2025**

# **Annual Report**

Texas Commission on Environmental Quality  
Tax Relief for Pollution Control Property Advisory Committee

March 10, 2026

This report is submitted in compliance with Article 6.2 of the TCEQ Tax Relief for Pollution Control Property Advisory Committee (Committee) bylaws, which states: “Unless otherwise directed, the Committee shall report to the Commissioners a minimum of once per year. The report must be sufficient to allow the Commissioners to properly evaluate the Committee’s work, usefulness, and the costs related to the Committee’s existence.”

### **About Tax Relief for Pollution Control Property**

Proposition 2 on the November 2, 1993 state ballot approved adding the following §1-1 to the Texas Constitution, Article VIII:

**PROPERTY USED FOR CONTROL OF AIR, WATER, OR LAND POLLUTION;  
EXEMPTION FROM AD VALOREM TAXATION.**

(a) The legislature by general law may exempt from ad valorem taxation all or part of real and personal property used, constructed, acquired, or installed wholly or partly to meet or exceed rules or regulations adopted by any environmental protection agency of the United States, this state, or a political subdivision of this state for the prevention, monitoring, control, or reduction of air, water, or land pollution.

(b) This section applies to real and personal property used as a facility, device, or method for the control of air, water, or land pollution that would otherwise be taxable for the first time on or after January 1, 1994.

(c) This section does not authorize the exemption from ad valorem taxation of real or personal property that was subject to a tax abatement agreement executed before January 1, 1994.

The 73rd Legislature (1993) added Texas Tax Code §11.31, Pollution Control Property, and Texas Tax Code §26.045, Rollback Relief for Pollution Control Requirements, to implement the new constitutional provision. The commission adopted Title 30, Texas Administrative Code, Chapter 277 on September 30, 1994 to establish the procedures for obtaining a tax exemption under Proposition 2. In 1998, Chapter 277 was moved to Chapter 17 to be consistent with the commission’s policy of placing general or multimedia rules within 30 TAC Chapters 1-100.

The primary subsections in Tax Code §11.31 regarding eligibility for tax exemption are:

- (a) A person is entitled to an exemption from taxation of all or part of real and personal property that the person owns and that is used wholly or partly as a facility, device, or method for the control of air, water, or land pollution. A person is not entitled to an exemption from taxation under this section solely on the basis that the person manufactures or produces a product or provides a service that prevents, monitors, controls, or reduces air, water, or land pollution. Property used for residential purposes, or for recreational, park, or scenic uses as defined by Section 23.81, is ineligible for an exemption under this section.
- (b) In this section, "facility, device, or method for the control of air, water, or land pollution" means land that is acquired after January 1, 1994, or any structure, building, installation, excavation, machinery, equipment, or device, and any attachment or addition to or reconstruction, replacement, or improvement of that property, that is used, constructed, acquired, or installed wholly or partly to meet or exceed rules or regulations adopted by any environmental protection agency of the United States, this state, or a political

subdivision of this state for the prevention, monitoring, control, or reduction of air, water, or land pollution. This section does not apply to a motor vehicle.

The primary subsections in Tax Code §11.31 regarding authority for the TCEQ Tax Relief for Pollution Control Property rules are:

(g) The commission shall adopt rules to implement this section. Rules adopted under this section must:

- (1) establish specific standards for considering applications for determinations;
- (2) be sufficiently specific to ensure that determinations are equal and uniform; and
- (3) allow for determinations that distinguish the proportion of property that is used to control, monitor, prevent, or reduce pollution from the proportion of property that is used to produce goods or services.

(g-1) The standards and methods for making a determination under this section that are established in the rules adopted under Subsection (g) apply uniformly to all applications for determinations under this section, including applications relating to facilities, devices, or methods for the control of air, water, or land pollution included on a list adopted by the Texas Commission on Environmental Quality under Subsection (k).

Note: This subsection was added by House Bills 3206 and 3544 of the 81<sup>st</sup> Texas Legislature (2009).

### **Purpose of TCEQ Tax Relief for Pollution Control Property Advisory Committee**

House Bills 3206 and 3544, 81<sup>st</sup> Texas Legislature (2009) added the following subsection (n) to Tax Code §11.31, except underlined language was added by House Bill 2280 of the 82<sup>nd</sup> Texas Legislature (2011):

The Texas Commission on Environmental Quality shall establish a **permanent advisory committee** consisting of representatives of industry, appraisal districts, taxing units, and environmental groups, as well as members who are not representatives of any of those entities but have substantial technical expertise in pollution control technology and environmental engineering, to *advise the commission regarding the implementation of this section*. At least one member of the advisory committee must be a representative of a school district or junior college district in which property is located that is or previously was subject to an exemption under this section. Chapter 2110, Government Code, does not apply to the size, composition, or duration of the advisory committee. (emphasis added)

Consistent with the Committee's purpose, all meeting agendas, discussion and advice focus on the following question:

Which rules, guidelines, forms, instructions, practice, website, or other provisions should be added, deleted, or revised to facilitate and ensure compliance with the implementation of Tax Code §11.31?

## **Committee Organization**

Highlights of the Committee bylaws are:

1. Purpose – Advise the TCEQ Commissioners on matters relating to property tax exemptions for pollution control property.<sup>1</sup>
2. Number of Members – May not exceed 13.<sup>2</sup>
3. Terms – Commission appoints or re-appoints members to staggered four-year terms.<sup>3</sup>
4. Attendance – Members automatically vacate position if they miss three consecutive regularly scheduled meetings or more than half of all of the regularly scheduled meetings in a one-year period.<sup>4</sup>
5. Presiding Officer – Annual elections or at the request of a majority of the members of the Committee. May be re-appointed.<sup>5</sup>
6. Meetings – Quarterly or at the call of the Presiding Officer or the Commissioners.<sup>6</sup>
7. Public Participation – Committee meetings will be open to the public. The Presiding Officer shall ensure an opportunity for public participation at every Committee meeting.<sup>7</sup>
8. Voting – The Committee will vote on any issue communicated as advice to the Commissioners and other issues within the purview of the Committee. If a vote does not have a consensus, minority members are encouraged to submit minority reports for the Commissioners' consideration.<sup>8</sup>
9. Reports to the Commission – Unless otherwise directed, the Committee shall report to the Commissioners a minimum of once per year. The report must be sufficient to allow the Commissioners to properly evaluate the Committee's work, usefulness, and the costs related to the Committee's existence.<sup>9</sup>

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References below are to bylaws of the TCEQ Tax Relief for Pollution Control Property Advisory Committee, revised April 27, 2012.

<sup>1</sup> Article 1, Section 1

<sup>2</sup> Article 2, Section 1

<sup>3</sup> Article 2, Section 2

<sup>4</sup> Article 2, Section 4

<sup>5</sup> Article 3, Section 2

<sup>6</sup> Article 4, Section 1

<sup>7</sup> Article 4, Section 3

<sup>8</sup> Article 5, Section 4

<sup>9</sup> Article 6, Section 2

## **Members of 2025 TCEQ Tax Relief for Pollution Control Property Advisory Committee**

The Committee consists of 13 members, each of whom serve a four-year, staggered term with expiration of approximately half of the members every two years, subject to reappointment. On December 13, 2023, TCEQ Commissioners reappointed six committee members to another four-year term to expire December 31, 2027. 2025 Committee members are listed below; years indicate expiration of their term (December 31).

### Representing Industry

- Bob Adair (2025), with Advantous Consulting (Chair, 2010-2025)  
Representing the Texas Oil and Gas Association
- Justin Hyland (2027), with CenterPoint Energy  
Representing the Association of Electric Companies of Texas
- Michelle Carder (2025), with Eastman Chemical Company  
Representing the Texas Chemical Council
- Martha Landwehr (2025), with BASF Corporation  
Representing the Texas Association of Manufacturers
- Greg Maxim (2027), with Cummings Westlake
- Michael Nasi (2027), with Jackson Walker  
Representing the Clean Carbon Technology Foundation of Texas

### Representing Appraisal Districts<sup>10</sup>

- Josh Budowsky (2025), representing the Texas Association of Appraisal Districts
- Hugh Landrum, Jr. (2025), with Hugh L. Landrum & Associates, Inc.

### Representing a School District or Junior College District

- Lloyd Graham (2027), with Moak Casey  
Representing school districts

### Representing Taxing Units

- Adam Haynes (2027), with the Texas Conference of Urban Counties
- Bill Longley (2025), with the Texas Municipal League

### Representing Environmental Groups

- Dr. Cyrus Reed (2027), with the Sierra Club

### Independent Technical Expert

- Charles Allred (2025)

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<sup>10</sup> On March 18, 2025, Mr. Budowsky resigned this position on the Committee as he changed employment that does not represent appraisal districts. The position remained vacant through 2025. On November 19, 2025, TCEQ commissioners appointed Karen Khan (with Pritchard & Abbott) and David Popelar (with Capitol Appraisal) to fill both positions for appraisal districts for terms ending December 31, 2029. Other committee members whose terms ended in 2025 were reappointed to terms ending December 31, 2029.

## **Primary 2025 Discussions and Actions Taken by Committee**

Each Committee meeting generally lasts less than one hour and includes discussion of various issues published on an agenda at least seven days prior to Committee public meetings. Although Committee members and TCEQ staff comprise most of the discussion, ample opportunity is provided for the public to educate the Committee on specific issues, express concerns, and otherwise advise the Committee. Public testimony has occasionally included applicants to the Tax Relief program, business associations, appraisal districts, school districts and other interested parties. In compliance with Committee bylaws to meet at least once per quarter, the Committee met in 2025 in person in the agenda room of TCEQ (with optional virtual attendance) on March 28, September 12, and November 7 and virtual only on June 27. Each meeting notice was posted on TCEQ's Email List Service and TCEQ's website at [https://www.tceq.texas.gov/airquality/taxrelief/advisory\\_group.html](https://www.tceq.texas.gov/airquality/taxrelief/advisory_group.html).

Items discussed and approved during 2025 public meetings included the following:

1. A draft 2024 annual report of the Committee was reviewed, revisions made as approved by Committee members, and revised report submitted to Commissioners on March 31<sup>st</sup>.
2. The committee considered TCEQ's statement that on March 12, 2025, the U.S. Environmental Protection Agency (EPA) announced reconsideration of several federal regulations including:
  - Greenhouse Gas Standards and Guidelines for Fossil Fuel-Fired Power Plants (Clean Power Plan 2.0);
  - methane rule (Title 40 Code of Federal Regulations Part 60 Subpart OOOOb and OOOOc);
  - the National Emission Standards for Hazardous Air Pollutants (NESHAP) for Coal- and Oil-Fired Electric Generating Units (EGUs), also known as the Mercury and Air Toxics Standards (MATS) rule; and
  - the particulate matter National Ambient Air Quality Standard (PM NAAQS).

TCEQ further stated that, to their knowledge, EPA has not yet provided any instructions or guidance for states on the development, submittal, or review of state plans to implement the standards currently in effect. TCEQ will continue evaluating the current rules and will be closely following EPA for any further information or guidance as it becomes available.

3. The Committee conducted a triennial review required by Tax Code §11.31(l) and 30 TAC §17.14(b) of:
  - Nonexclusive List in Tax Code §11.31(k) and Figure: 30 TAC §17.17(b); and
  - Tier I Table in Figure: 30 TAC §17.14(a).

As proposed rules revisions by TCEQ<sup>11</sup> no longer required triennial review of these rules, the committee tabled further action and voted to send a letter of support to TCEQ commissioners regarding proposed revisions to TAC Chapters 17 and 18, identified by TCEQ as TCEQ Rule Project No. 2023-123-017-AI. The letter included the following statement:

“During a public meeting on September 12, 2025 of the TCEQ Tax Relief for Pollution Control Property Advisory Committee, a majority of the committee voted to submit this letter to affirm support for the above referenced proposed revisions, which align with the committee’s previous advice and draft current advice.”

TCEQ staff noted (and the committee concurred) the following in an interoffice memorandum<sup>12</sup> prior to the above-referenced commission rules revisions:

“This review is not required by statute and *does not preclude the commission from reviewing the tables or the committee from providing advice regarding the Tier I Tables at any time*. The requirements to review the ERLs [Expedited Review List] have not changed.” (emphasis added)

4. Bob Adair was re-elected Chair of the Committee for 2026.

### **Usefulness of Committee**

In addition to the Committee’s primary purpose to “advise the commission regarding the implementation” of Tax Code §11.31, the Committee conducts public meetings to provide an opportunity to receive verbal input from the public and perspectives from industry, government and independent representatives on the Committee. The Committee also welcomes and encourages written input on issues within the scope of the Committee.

On November 19, 2025, the Commission discussed in an open meeting the appointment of two new committee members and reappointment of five current committee members to serve four-year terms to expire December 31, 2029. The Commission again expressed appreciation for the committee.

### **Cost of Committee**

- Compensation to Committee Members – None. All members serve without compensation other than from their employers.

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<sup>11</sup> On January 28, 2026, TCEQ adopted revisions to Texas Administrative Code Chapters 17 and 18 as proposed by TCEQ staff and supported by the TCEQ Tax Relief for Pollution Control Property Advisory Committee

<sup>12</sup> Interoffice memorandum from Richard C. Chisholm, Director, Office of Air, TCEQ to TCEQ Commissioners, Docket No. 2023-1057-RUL, Page 2, January 9, 2026

- Travel – All members were allowed travel cost reimbursement, however no member requested 2025 reimbursement from TCEQ.
- TCEQ Advisory Committee Time – Three in-person public meetings at TCEQ’s office in Austin (with travel for some members), one virtual only meeting, and additional hours reviewing issues, analyzing data, and hearing perspectives from a variety of interested parties.
- TCEQ Staff Time – 109 estimated hours included planning, preparing, and drafting materials for four Committee meetings and related research as the Committee requested.
- TCEQ Facilities – No additional costs were incurred for meeting rooms or other facilities.

Additional information on Tax Relief for Pollution Control Property and the Advisory Committee is available at <https://www.tceq.texas.gov/airquality/taxrelief>. This annual report was approved by the Committee during a public meeting on February 23, 2026 and submitted to TCEQ Commissioners and Executive Director on March 10, 2026.

Respectfully submitted,



Bob Adair

Chair, Tax Relief for Pollution Control Property Advisory Committee  
Texas Commission on Environmental Quality