

1-1 By: Lambert, et al. (Senate Sponsor - Perry) H.B. No. 3228  
1-2 (In the Senate - Received from the House April 28, 2025;  
1-3 April 29, 2025, read first time and referred to Committee on  
1-4 Business & Commerce; May 15, 2025, reported adversely, with  
1-5 favorable Committee Substitute by the following vote: Yeas 11,  
1-6 Nays 0; May 15, 2025, sent to printer.)

1-7 COMMITTEE VOTE

1-8		Yea	Nay	Absent	PNV
1-9	Schwertner	X			
1-10	King	X			
1-11	Blanco	X			
1-12	Campbell	X			
1-13	Creighton	X			
1-14	Johnson	X			
1-15	Kolkhorst	X			
1-16	Menéndez	X			
1-17	Middleton	X			
1-18	Nichols	X			
1-19	Zaffirini	X			

1-20 COMMITTEE SUBSTITUTE FOR H.B. No. 3228 By: Nichols

1-21 A BILL TO BE ENTITLED  
1-22 AN ACT

1-23 relating to the inclusion of certain provisions in lease agreements  
1-24 for wind or solar power facilities.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Section 301.0001, Utilities Code, is amended by  
1-27 adding Subdivision (1-a) and amending Subdivision (2) to read as  
1-28 follows:

1-29 (1-a) "Recycle" means the processing of an item to  
1-30 recover a usable product.

1-31 (2) "Wind power facility" includes:

1-32 (A) a wind turbine generator and any related  
1-33 components of the wind turbine, including a nacelle, a rotor hub,  
1-34 blades, and a gearbox assembly; and

1-35 (B) a facility or equipment used to support the  
1-36 operation of a wind turbine generator, including an underground or  
1-37 aboveground electrical transmission or communications line, an  
1-38 electric transformer, a battery energy storage facility or other  
1-39 ~~an~~ energy storage facility, telecommunications equipment, a road,  
1-40 a meteorological tower with wind measurement equipment, or a  
1-41 maintenance yard.

1-42 SECTION 2. Section 301.0003, Utilities Code, is amended by  
1-43 adding Subsection (a-1) to read as follows:

1-44 (a-1) A wind power facility agreement must provide that the  
1-45 grantee is responsible for:

1-46 (1) collecting and reusing or recycling, or shipping  
1-47 for reuse or recycling, all components of the wind power facility  
1-48 practicably capable of being reused or recycled, including the wind  
1-49 turbine blades, in accordance with any other applicable laws or  
1-50 regulations; and

1-51 (2) disposing of all components of the wind power  
1-52 facility not practicably capable of being reused or recycled:

1-53 (A) at a facility authorized under state and  
1-54 federal law to dispose of hazardous substances for a component  
1-55 considered hazardous under those laws; or

1-56 (B) for nonhazardous components, at a municipal  
1-57 solid waste landfill or other appropriate waste disposal facility  
1-58 authorized under state and federal law to dispose of that type of  
1-59 component.

1-60 SECTION 3. Sections 301.0004(a), (b), (c), and (d),

2-1 Utilities Code, are amended to read as follows:

2-2 (a) A wind power facility agreement must provide that the  
 2-3 grantee shall obtain and deliver to the landowner evidence of  
 2-4 financial assurance that conforms to the requirements of this  
 2-5 section to secure the performance of the grantee's obligations  
 2-6 under ~~[obligation to remove the grantee's wind power facilities~~  
 2-7 ~~located on the landowner's property as described by]~~ Section  
 2-8 301.0003. Acceptable forms of financial assurance include a parent  
 2-9 company guaranty with a minimum investment grade credit rating for  
 2-10 the parent company issued by a major domestic credit rating agency,  
 2-11 a letter of credit, a bond, or another form of financial assurance  
 2-12 acceptable to the landowner.

2-13 (b) The amount of the financial assurance must be at least  
 2-14 equal to the estimated amount by which the cost of removing the wind  
 2-15 power facilities from the landowner's property, recycling or  
 2-16 disposing of all the components of the wind power facilities, and  
 2-17 restoring the property to as near as reasonably possible the  
 2-18 condition of the property as of the date the agreement begins  
 2-19 exceeds the salvage value of the wind power facilities, less any  
 2-20 portion of the value of the wind power facilities pledged to secure  
 2-21 outstanding debt.

2-22 (c) The agreement must provide that:

2-23 (1) the estimated cost of removing the wind power  
 2-24 facilities from the landowner's property, recycling or disposing of  
 2-25 all the components of the wind power facilities, and restoring the  
 2-26 property to as near as reasonably possible the condition of the  
 2-27 property as of the date the agreement begins and the estimated  
 2-28 salvage value of the wind power facilities must be determined by an  
 2-29 independent, third-party professional engineer licensed in this  
 2-30 state;

2-31 (2) the grantee must deliver to the landowner an  
 2-32 updated estimate, prepared by an independent, third-party  
 2-33 professional engineer licensed in this state, of the cost of  
 2-34 removal and recycling or disposal of the wind power facilities and  
 2-35 the salvage value at least once every five years for the remainder  
 2-36 of the term of the agreement; and

2-37 (3) the grantee is responsible for ensuring that the  
 2-38 amount of the financial assurance remains sufficient to cover the  
 2-39 amount required by Subsection (b), consistent with the estimates  
 2-40 required by this subsection.

2-41 (d) The grantee is responsible for the costs of obtaining  
 2-42 financial assurance described by this section and costs of  
 2-43 determining the estimated removal, recycling, and disposal costs  
 2-44 and salvage value.

2-45 SECTION 4. Section 302.0001, Utilities Code, is amended by  
 2-46 adding Subdivision (1-a) and amending Subdivision (3) to read as  
 2-47 follows:

2-48 (1-a) "Recycle" means the processing of an item to  
 2-49 recover a usable product.

2-50 (3) "Solar power facility" includes:

2-51 (A) a solar energy device; and

2-52 (B) a facility or equipment, other than a  
 2-53 facility or equipment owned by an electric utility, as defined by  
 2-54 Section 31.002, used to support the operation of a solar energy  
 2-55 device, including an underground or aboveground electrical  
 2-56 transmission or communications line, an electric transformer, a  
 2-57 battery energy storage facility or other ~~[, an]~~ energy storage  
 2-58 facility, telecommunications equipment, a road, a meteorological  
 2-59 tower, or a maintenance yard.

2-60 SECTION 5. Section 302.0004, Utilities Code, is amended by  
 2-61 adding Subsection (a-1) to read as follows:

2-62 (a-1) A solar power facility agreement must provide that the  
 2-63 grantee is responsible for:

2-64 (1) collecting and reusing or recycling, or shipping  
 2-65 for reuse or recycling, all components of the solar power facility  
 2-66 practicably capable of being reused or recycled, including the  
 2-67 photovoltaic modules, in accordance with any other applicable laws  
 2-68 or regulations; and

2-69 (2) disposing of all components of the solar power

3-1 facility not practicably capable of being reused or recycled:

3-2 (A) at a facility authorized under state and  
 3-3 federal law to dispose of hazardous substances for a component  
 3-4 considered hazardous under those laws; or

3-5 (B) for nonhazardous components, at a municipal  
 3-6 solid waste landfill or other appropriate waste disposal facility  
 3-7 authorized under state and federal law to dispose of that type of  
 3-8 component.

3-9 SECTION 6. Sections 302.0005(a), (b), (c), and (d),  
 3-10 Utilities Code, are amended to read as follows:

3-11 (a) A solar power facility agreement must provide that the  
 3-12 grantee shall obtain and deliver to the landowner evidence of  
 3-13 financial assurance that conforms to the requirements of this  
 3-14 section to secure the performance of the grantee's obligations  
 3-15 under ~~[obligation to remove the grantee's solar power facilities~~  
 3-16 ~~located on the landowner's property as described by]~~ Section  
 3-17 302.0004. Acceptable forms of financial assurance include a parent  
 3-18 company guaranty with a minimum investment grade credit rating for  
 3-19 the parent company issued by a major domestic credit rating agency,  
 3-20 a letter of credit, a bond, or another form of financial assurance  
 3-21 reasonably acceptable to the landowner.

3-22 (b) The amount of the financial assurance must be at least  
 3-23 equal to the estimated amount by which the cost of removing the  
 3-24 solar power facilities from the landowner's property, recycling or  
 3-25 disposing of all the components of the solar power facilities, and  
 3-26 restoring the property to as near as reasonably possible the  
 3-27 condition of the property as of the date the agreement begins  
 3-28 exceeds the salvage value of the solar power facilities, less any  
 3-29 portion of the value of the solar power facilities pledged to secure  
 3-30 outstanding debt.

3-31 (c) The agreement must provide that:

3-32 (1) the estimated cost of removing the solar power  
 3-33 facilities from the landowner's property, recycling or disposing of  
 3-34 all the components of the solar power facilities, and restoring the  
 3-35 property to as near as reasonably possible the condition of the  
 3-36 property as of the date the agreement begins and the estimated  
 3-37 salvage value of the solar power facilities must be determined by an  
 3-38 independent, third-party professional engineer licensed in this  
 3-39 state;

3-40 (2) the grantee must deliver to the landowner an  
 3-41 updated estimate, prepared by an independent, third-party  
 3-42 professional engineer licensed in this state, of the cost of  
 3-43 removal and recycling or disposal of the solar power facilities and  
 3-44 the salvage value:

3-45 (A) on or before the 10th anniversary of the  
 3-46 commercial operations date of the solar power facilities; and

3-47 (B) at least once every five years after the  
 3-48 commercial operations date of the solar power facilities for the  
 3-49 remainder of the term of the agreement; and

3-50 (3) the grantee is responsible for ensuring that the  
 3-51 amount of the financial assurance remains sufficient to cover the  
 3-52 amount required by Subsection (b), consistent with the estimates  
 3-53 required by this subsection.

3-54 (d) The grantee is responsible for the costs of obtaining  
 3-55 financial assurance described by this section and costs of  
 3-56 determining the estimated removal, recycling, and disposal costs  
 3-57 and salvage value.

3-58 SECTION 7. Chapters 301 and 302, Utilities Code, as amended  
 3-59 by this Act, apply only to a wind or solar power facility agreement  
 3-60 entered into on or after the effective date of this Act. A wind or  
 3-61 solar power facility agreement entered into before the effective  
 3-62 date of this Act is governed by the law as it existed immediately  
 3-63 before that date, and that law is continued in effect for that  
 3-64 purpose.

3-65 SECTION 8. This Act takes effect September 1, 2025.

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