

## **BILL ANALYSIS**

Senate Research Center  
80R6388 JD-D

S.J.R. 52  
By: Van de Putte, Duncan  
Finance  
4/4/2007  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Hydrogen is among the cleanest renewable energy sources. Texas currently has 13 hydrogen refineries, and is second only to California in production. However, the infrastructure needed to use hydrogen commercially and therefore, help reduce greenhouse gases, is not currently in place. By creating incentives for manufacturers and consumers of carbon-free hydrogen, Texas can help attract businesses interested in the production, storage, or retail of this valuable commodity.

S.J.R. 52 proposes a constitutional amendment to exempt from ad valorem taxation 25 percent of the assessed value of real and tangible property used for the production, storage, distribution or wholesale or retail sale of carbon-free hydrogen.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to any state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Article VIII, Texas Constitution, by adding Section 1-p, as follows:

Sec. 1-p. (a) Provides that 25 percent of the assessed value of real and tangible personal property used for the production, storage, distribution, or wholesale or retail sale of carbon-free hydrogen is exempt from ad valorem taxation.

(b) Sets forth certain conditions under which hydrogen is considered to be carbon-free for the purposes of this section.

(c) Provides that for the purposes of Subsection (b), the generation of wind power, solar power, hydroelectricity, geothermal electricity, or nuclear power is considered to result in no carbon.

(d) Provides that this section does not exempt from ad valorem taxation real or tangible personal property that is or was subject to a tax abatement agreement executed before January 1, 2008.

(e) Provides that the legislature by general law may prescribe procedures, including application requirements, for the administration of exemptions under this section.

SECTION 2. Adds a temporary provision to the Texas Constitution, as follows:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 80th Legislature, Regular session, 2007, to exempt from ad valorem taxation 25 percent of the assessed value of real and tangible personal property used for the production, storage, distribution, or wholesale or retail sale of carbon-free hydrogen.

(b) Provides that Section 1-p, Article VIII, of this constitution takes effect beginning with the tax year that begins January 1, 2008.

(c) Provides that this temporary provision expires January 1, 2009.

**SECTION 3.** Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 6, 2007. Sets forth the required language for the ballot.