

BILL ANALYSIS

H.B. 2414
By: McCall
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The term “fuel cell” represents a family of technologies that generate power chemically rather than through combustion, and, therefore, generate power quietly, with near zero emissions of nitrous oxides (NOX), volatile organic compounds (VOCs), or particulates, the primary causes of pollution and ozone formation in our cities. A state commitment toward accelerating the development of this clean energy technology will help Texas comply with federal Clean Air Act standards in the years ahead, attract significant federal and private industry funding for R&D, draw manufacturers to the state, and create substantial job opportunities in manufacturing, installation, and maintenance of systems. Because of their ultra-low emissions, fuel cells can be placed directly where they are needed, thereby avoiding the need for costly new power lines, and reducing the cost of transmission congestion on the electric grid (Cost last year was over \$250 million).

The State Energy Conservation Office was directed by the 77th Legislature to develop a plan to accelerate the commercialization of fuel cells in Texas. Among the report’s findings were that a sales tax exemption would be a case of “foregoing potential income to help kick-start a new industry with tremendous economic potential for the state.” The report also found that that fuel cells are not currently generating measurable sales tax revenues. HB 2414 simply establishes a temporary sales tax exemption for nonvehicular fuel cells. The exemption expires in 2011.

RULEMAKING AUTHORITY

It is the committee’s opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

House Bill 2414 establishes a sales tax exemption for nonvehicular fuel cells. The exemption expires on January 1, 2011.

EFFECTIVE DATE

September 1, 2003.