

BILL ANALYSIS

Senate Research Center
79R8242 JJT-D

H.B. 161
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Finance
5/17/2005
Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Emerging fuel cell technology could allow small-scale generation of energy for residential and commercial or industrial applications, a potentially replace internal combustion engines and batteries over the next couple of decades.

Because this technology is very expensive today, government incentives or support may be required to encourage early adoption and experimental installations of fuel cells to gain more working experience with these units. However, through a sales tax on the sale of fuel cells for on-site generation of electricity, current law provides a disincentive to the adoption of this technology.

H.B. 161 exempts fuel cells from sales and use taxes until 2013 to help stimulate early sales and encourage development of the fuel cell industry in Texas.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter H, Chapter 151, Tax Code, by adding Section 151.356, as follows:

Sec. 151.356. NONVEHICULAR FUEL CELLS. Defines "fuel cell." Exempts the sale, use, or other consumption of a fuel cell from the taxes imposed by this chapter, unless the fuel cell is designed to be the source of motive power of a vehicle or provides the motive power of a vehicle. Provides that this section expires January 1, 2013.

SECTION 2. Effective date: September 1, 2005.