

BILL ANALYSIS

H.B. 2972
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Texas and the United States face increasing gasoline prices and ever increasing dependence on foreign sources of crude oil to produce that gasoline. Texas and the United State also face uncertainties with relation to global warming and the impact it could have on our economy.

Hydrogen has the ability to revolutionize the way the world produces and uses its energy resources. Hydrogen is a clean fuel; it can increase our energy security and become a new driver of economic growth in Texas.

Texas has all the necessary natural resources to become a leader in the hydrogen market. However, an immediate challenge is the ensure that the infrastructure is in place in Texas to utilize the competitive advantage Texas has with regards to hydrogen. As a result, the purpose of HB 2972 is to establish a \$250 million loan guarantee program for projects that would produce, store, distribute or sell carbon-free hydrogen in Texas. Carbon-free hydrogen is hydrogen produced without carbon by-products; or uses the carbon byproducts for other uses; or that permanently geologically sequesters the carbon byproducts.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Comptroller in SECTION 1 of this bill.

ANALYSIS

The bill amends Chapter 447, Government Code by adding Section 447.013 Hydrogen Energy Loan Program.

The bill requires the state energy conservation office to establish and administer a program to make and guarantee loans to business entities for projects that expand the use of or relate to the manufacture, storage, distribution, or sale of carbon-free hydrogen energy in the state.

The bill requires that for an entity to be eligible for a loan or loan guarantee under this program, the carbon-free hydrogen must qualify under Section 49-p, Article III, Texas Constitution which is proposed in CSHJR 93 to authorize the issuance of general obligation bonds to provide and guarantee loans to encourage the use of carbon-free hydrogen energy.

The bill requires the Texas Public Finance authority to issue general obligation bonds not to exceed \$250 million as authorized by the above referenced constitutional amendment.

The bill allows the program to be funded by the proceeds of the above referenced bonds and through gifts, grants, and donations made for that purpose.

The bill allows the comptroller to adopt rules to implement this section.

The bill states the state energy conservation office is required to establish a Hydrogen Energy Loan Program no later than January 1, 2008.

The bill is effective only if the constitutional amendment to authorize the issuance of general obligation bonds under CSHJR 93 passes. If that amendment is not approved by the voters, this Act has no effect.

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EFFECTIVE DATE

This Act takes effect only if the constitutional amendment proposed by the 80th Legislature, Regular Session, 2007, authorizing the issuance of general obligation bonds to provide and guarantee loans to encourage the use of carbon-free hydrogen is approved by the voters. If that amendment is not approved by the voters, the Act has no effect.