

BILL ANALYSIS

C.S.H.J.R. 93
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

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 is not currently in place. By creating incentives for manufacturers and consumers of carbon-free hydrogen, Texas may attract businesses interested in the production, storage, or retail of hydrogen.

Additionally, given the rising demand for electric power, the abundance of coal in the U.S. and Texas, and the reliability and cost-effectiveness of coal-based electric generation, it is critical that such generation continue to be a viable component of Texas' power supply. Advanced clean energy utilizing coal, biomass, petroleum coke, and solid waste have the potential to significantly reduce air emissions while ensuring that reliable and affordable electricity is available for Texas. Because advanced clean energy, including but not limited to gasification, is currently more expensive and less demonstrated than other clean energy technologies, financial incentives are necessary to ensure that advanced clean energy projects are built and maintained in Texas.

C.S.H.J.R. 93 proposes two constitutional amendments for the purpose of providing incentives to use carbon-free hydrogen and advanced clean energy utilizing coal, biomass, petroleum coke and solid waste in the generation of electricity or the creation of liquid fuels outside of existing fuel production infrastructure while cogenerating electricity to encourage advanced energy projects are developed and maintained in Texas.

RULEMAKING AUTHORITY

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

ANALYSIS

C.S.H.J.R. 93 proposes two constitutional amendments for the purpose of providing incentives to use carbon-free hydrogen and advanced clean energy utilizing coal, biomass, petroleum coke, and solid waste in the generation of electricity or the creation of liquid fuels outside of existing fuel production infrastructure while cogenerating electricity.

The first amendment provides that the legislature may authorize the Texas Public Finance Authority or its successor the authority to issue general obligation bonds, not to exceed \$250 million, and to enter into related bond enhancement agreements be made to provide loans to businesses that either expand the use of carbon-free hydrogen energy in this state, or that otherwise relates to the manufacture, storage, distribution, or sale of carbon-free hydrogen energy in this state. The resolution further sets forth certain standards by which hydrogen is considered carbon-free. The bonds authorized under this section constitute a general obligation of the state and the first money coming into the treasury in each fiscal year not otherwise appropriated by this constitution is to be appropriated in an amount sufficient to pay the principal of and interest on the bonds that mature or become due during the fiscal year, including an amount sufficient to make payments under a related bond enhancement agreement, if said bonds remain outstanding and unpaid.

The second amendment provides that the legislature may authorize the Texas Public Finance Authority or its successor to issue general obligations bonds, not to exceed \$250 million, and related credit enhancement agreements be made to provide and guarantee loans to encourage entities developing advanced clean energy projects using coal, biomass, petroleum coke, or solid waste in the generation of electricity, or the creation of liquid fuels outside of existing fuel production infrastructure while cogenerating electricity. The bill sets forth the standards by

which a project is considered an advanced clean energy project. The bonds authorized under this section constitute a general obligation of the state and the first money coming into the treasury in each fiscal year not otherwise appropriated by this constitution is to be appropriated in an amount sufficient to pay the principal of and interest on the bonds that mature or become due during the fiscal year, including an amount sufficient to make payments under a related credit enhancement agreement, if said bonds remain outstanding and unpaid.

The resolution requires the proposed constitutional amendments to be submitted to the voters at an election to be held November 6, 2007. It sets forth the required language for the ballot and clarifies that the hydrogen energy proposition and the advanced clean energy proposition shall be submitted to the voters as two independent propositions.

EFFECTIVE DATE

The constitutional amendment proposed by Section 1 of this resolution shall be submitted to the voters at an election to be held November 6, 2007. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment authorizing the issuance of state general obligation bonds to stimulate economic development and reduce greenhouse gases by providing and guaranteeing loans to encourage the use of carbon-free hydrogen energy."

The constitutional amendment proposed by Section 2 of this resolution shall be submitted to the voters at an election to be held November 6, 2007. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment authorizing the issuance of general obligation bonds to provide and guarantee loans to encourage clean energy projects."

The resolutions described by Subsections (a) and (b) of this section shall be submitted separately to the voters at the election. The failure of either resolution to be approved by the voters at the election does not affect the approval of the other resolution.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute adds a new Section to propose a constitutional amendment authorizing the issuance of general obligations bonds to provide and guarantee loans to encourage the use of advanced clean energy projects using coal, biomass, petroleum coke, or solid waste.

The substitute renumbers the sections accordingly and adds language for the proposition to the ballot referenced in that section to read as follows: "The constitutional amendment authorizing the issuance of state general obligation bonds to provide and guarantee loans to encourage clean energy projects."

The substitute directs that the propositions be submitted separately to the voters and that the failure of either proposition to be approved by the voters does not affect the approval of the other proposition.