

A JOINT RESOLUTION

1 proposing constitutional amendments authorizing the issuance of  
2 general obligation bonds to provide and guarantee loans to  
3 encourage the use of carbon-free hydrogen energy and for clean  
4 energy projects.

5 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Article III, Texas Constitution, is amended by  
7 adding Section 49-p to read as follows:

8 Sec. 49-p. (a) To provide and guarantee loans to encourage  
9 the use of carbon-free hydrogen energy in this state, the  
10 legislature by general law may authorize the Texas Public Finance  
11 Authority or its successor to issue general obligation bonds of the  
12 State of Texas in an amount not to exceed \$250 million and to enter  
13 into related bond enhancement agreements. The proceeds from the  
14 sale of the bonds may be used only to make and guarantee loans to  
15 business entities for projects that:

16 (1) expand the use of carbon-free hydrogen energy in  
17 this state; or

18 (2) relate to the manufacture, storage, distribution,  
19 or sale of carbon-free hydrogen energy in this state.

20 (b) For purposes of this section, hydrogen is considered to  
21 be carbon-free if:

22 (1) any carbon resulting from the production of the  
23 hydrogen is captured during production and:

24 (A) permanently geologically sequestered; or

1           (B) used in the production of other carbon-based  
2 products at a rate that exceeds 90 percent of the input; and

3           (2) any carbon resulting from the generation of any  
4 electricity used in the production of the hydrogen is captured and:

5                   (A) permanently geologically sequestered; or

6                   (B) used in the production of other carbon-based  
7 products at a rate that exceeds 90 percent of the input.

8           (c) The bonds authorized under this section constitute a  
9 general obligation of the state. While any of the bonds or interest  
10 on the bonds is outstanding and unpaid, there is appropriated out of  
11 the first money coming into the treasury in each fiscal year not  
12 otherwise appropriated by this constitution an amount sufficient to  
13 pay the principal of and interest on the bonds that mature or become  
14 due during the fiscal year, including an amount sufficient to make  
15 payments under a related bond enhancement agreement.

16           SECTION 2. Article III, Texas Constitution, is amended by  
17 adding Section 49-q to read as follows:

18           Sec. 49-q. (a) To provide and guarantee loans to encourage  
19 advanced clean energy projects in this state, the legislature by  
20 general law may authorize the Texas Public Finance Authority or its  
21 successor to issue general obligation bonds of the State of Texas in  
22 an amount not to exceed \$250 million and to enter into related  
23 credit enhancement agreements. The proceeds from the sale of the  
24 bonds may be used only to make and guarantee loans to business  
25 entities for advanced clean energy projects.

26           (b) For purposes of this section, "advanced clean energy  
27 project" means a project that:

1           (1) involves the use of coal, biomass, petroleum coke,  
2 or solid waste in the generation of electricity or the creation of  
3 liquid fuels outside of existing fuel production infrastructure  
4 while cogenerating electricity;

5           (2) is capable of achieving on an annual basis:

6                   (A) a 99 percent reduction of sulfur dioxide  
7 emissions;

8                   (B) a 95 percent reduction of mercury emissions;  
9 and

10                   (C) an emission rate for oxides of nitrogen of  
11 0.05 pounds per million Btu; and

12           (3) renders carbon dioxide capable of capture,  
13 sequestration, or abatement.

14           (c) The bonds authorized under this section constitute a  
15 general obligation of the state. While any of the bonds or interest  
16 on the bonds is outstanding and unpaid, there is appropriated out of  
17 the first money coming into the treasury in each fiscal year not  
18 otherwise appropriated by this constitution an amount sufficient to  
19 pay the principal of and interest on the bonds that mature or become  
20 due during the fiscal year, including an amount sufficient to make  
21 payments under a related credit enhancement agreement.

22           SECTION 3. (a) The constitutional amendment proposed by  
23 Section 1 of this resolution shall be submitted to the voters at an  
24 election to be held November 6, 2007. The ballot shall be printed  
25 to permit voting for or against the proposition: "The  
26 constitutional amendment authorizing the issuance of state general  
27 obligation bonds to stimulate economic development and reduce

1 greenhouse gases by providing and guaranteeing loans to encourage  
2 the use of carbon-free hydrogen energy."

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

9 (c) The propositions described by Subsections (a) and (b) of  
10 this section shall be submitted separately to the voters at the  
11 election. The failure of either proposition to be approved by the  
12 voters at the election does not affect the approval of the other  
13 proposition.