

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the exemption from ad valorem taxation of a portion of  
3 the appraised value of real and tangible personal property used for  
4 the production, storage, distribution, or wholesale or retail sale  
5 of carbon-free hydrogen.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by  
8 adding Section 11.34 to read as follows:

9 Sec. 11.34. CARBON-FREE HYDROGEN PROPERTY. (a) A person is  
10 entitled to an exemption from taxation of 25 percent of the  
11 appraised value of real and tangible personal property that the  
12 person owns and that is used for the production, storage,  
13 distribution, or wholesale or retail sale of carbon-free hydrogen.

14 (b) To be eligible for an exemption under Subsection (a),  
15 the carbon-free hydrogen must qualify under Section 1-p, Article  
16 VIII, Texas Constitution.

17 (c) For purposes of Subsection (a), pipelines and vehicles  
18 are included in the meaning of property used for the distribution of  
19 carbon-free hydrogen.

20 (d) This section does not apply to real or tangible personal  
21 property that is or was subject to a tax abatement agreement  
22 executed before January 1, 2008.

23 (e) The comptroller shall develop guidelines to assist  
24 local officials in the administration of this section.

1           SECTION 2. This Act applies only to ad valorem taxes imposed  
2 for a tax year beginning on or after the effective date of this Act.

3           SECTION 3. This Act takes effect January 1, 2008, but only  
4 if the constitutional amendment proposed by the 80th Legislature,  
5 Regular Session, 2007, to exempt from ad valorem taxation 25  
6 percent of the assessed value of real and tangible personal  
7 property used for the production, storage, distribution, or  
8 wholesale or retail sale of carbon-free hydrogen is approved by the  
9 voters. If that amendment is not approved by the voters, this Act  
10 has no effect.