

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 11, 2007

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2971 by Chisum (Relating to certain tax exemptions to promote sales and use of hydrogen-powered motor vehicles in this state.), **As Introduced**

Because there are no commercially available motor vehicles that qualify for the proposed exemptions, and because the cost of any qualifying vehicle cannot be determined, the fiscal impact cannot be estimated. It appears unlikely that the bill would have any significant impact on motor vehicle sales and use tax or liquefied gas tax collections through fiscal 2012.

The bill would amend Chapters 152 and 162 of the Tax Code, to provide tax exemptions to promote the sale and use of hydrogen-powered motor vehicles in this state.

The bill would amend Chapter 152 to exempt from the motor vehicle sales and use tax a hydrogen power-capable vehicle with a fuel economy rating of at least 45 miles per gallon, or a fully hydrogen-powered vehicle. A qualifying hydrogen-powered motor vehicle would be a vehicle that met the Phase II standards established by the California Air Resources Board as of September 1, 2007, for an ultra low-emission vehicle II or stricter Phase II emission standards established by the board.

The bill would amend Chapter 162 of the Tax Code to define carbon-free hydrogen and exempt it from the liquefied gas tax. A motor vehicle designated as a hydrogen-powered motor vehicle would not be required to have a liquefied gas tax decal or a special-use liquefied gas tax decal.

The changes in law made by the bill would not affect tax liability accruing before the effective date of the bill; that liability would continue in effect as if the bill had not been enacted. The former law would be continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

Hydrogen-powered vehicles are still in development and not commercially available. In addition, there are only two hydrogen fueling stations within the order of 1,000 miles of Austin, Texas: Phoenix, Arizona and Orlando, Florida. There are, however, several transportation authorities in California conducting demonstration programs using hydrogen fuel cell transit buses.

The bill would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, CT