

By: McLaughlin

H.B. No. 5600

A BILL TO BE ENTITLED

AN ACT

relating to the development and expansion of clean hydrogen production, distribution, and utilization in this state.

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

SECTION 1. Chapter 490J, Government Code, is added to read as follows:

Sec. 490J.001. CLEAN HYDROGEN DEVELOPMENT FUND. (a) The Clean Hydrogen Development Fund is established as a special fund in the state treasury to finance clean hydrogen projects.

(b) The fund shall be administered by the comptroller in consultation with the Texas Commission on Environmental Quality and the Texas Railroad Commission.

(c) Money in the fund may be used to provide:

(1) low interest loans for hydrogen infrastructure and production facilities;

(2) state-backed bonds for the financing of hydrogen projects; or

(3) state grants for hydrogen electrolyzer manufacturing in this state.

(d) The fund may accept federal grants, private donations, and legislative appropriations.

SECTION 2. Subchapter L, Chapter 171, Tax Code, is amended by adding Section 171.603 to read as follows:

Sec. 171.603. CLEAN HYDROGEN TAX INCENTIVES. (a) A person

1 or business entity that constructs or operates a clean hydrogen
2 production facility in this state may be eligible for a state tax
3 credit.

4 (b) The credit shall be equivalent to 20 percent of
5 qualified capital expenditures related to hydrogen production,
6 transport, or storage.

7 (c) A manufacturer of hydrogen electrolyzers relocating to
8 Texas from out of state shall receive:

9 (1) a 10-year franchise tax exemption; and

10 (2) a sales tax exemption on equipment purchases used
11 in manufacturing.

12 (d) The comptroller shall adopt rules necessary for
13 implementation, including reporting requirements to track economic
14 impact.

15 SECTION 3. Chapter 502, Transportation Code, is amended by
16 adding Section 502.257 to read as follows:

17 Sec. 502.257. TEMPORARY HIGHWAY TAX RELIEF FOR HYDROGEN
18 VEHICLES. (a) Hydrogen-powered vehicles, including hydrogen
19 internal combustion engine and fuel cell vehicles, shall be exempt
20 from state highway use taxes for ten years or until cost parity with
21 conventional energy sources is reached, as determined by the Texas
22 Commission on Environmental Quality.

23 (b) The exemption applies to commercial trucking, rail,
24 shipping, and aviation operators.

25 SECTION 4. Chapter 136, Education Code, is amended by
26 adding Section 136.008 to read as follows:

27 Sec. 136.008. WORKFORCE DEVELOPMENT INITIATIVES. (a) The

1 Texas Workforce Development Commission shall establish
2 partnerships with universities, technical schools, or community
3 colleges to provide specialized training for hydrogen sector jobs.

4 (b) The Workforce Commission may provide grants to
5 educational institutions to develop curriculum and certification
6 programs for hydrogen technology.

7 SECTION 5. This Act takes effect immediately if it receives
8 a vote of two-thirds of all the members elected to each house, as
9 provided by Section 39, Article III, Texas Constitution. If this
10 Act does not receive the vote necessary for immediate effect, this
11 Act takes effect September 1, 2025.