

HB 2535 -1 STAFF MEASURE SUMMARY
House Committee On Energy and Environment

Prepared By: Erin Pischke, LPRO Analyst

Sub-Referral To: House Committee On Revenue

Meeting Dates: 3/24, 4/12

WHAT THE MEASURE DOES:

Exempts from ad valorem property taxation a property constituting a hydrogen system that is used to produce hydrogen by electrolysis or from renewable natural gas, beginning in property tax year on or after July 1, 2021. Authorizes exemption to be granted for the property tax year in which construction of the hydrogen system begins and for the five succeeding property tax years. Exempts properties that include but are not limited to an electrolyzer and associated equipment; and equipment used to compress, store, transport, or dispense hydrogen produced by the hydrogen system. Exempts in some cases any portion of the real property to which a hydrogen system is affixed if the real property is otherwise exempt from ad valorem property taxation and the hydrogen system is exempt. Sunsets ad valorem property taxation exemption on January 2, 2027. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Exempts property constituting a green hydrogen system from ad valorem property taxation, beginning in property tax year on or after July 1, 2021 and before July 1, 2027. Exempts in some cases any portion of the real property to which a hydrogen system is affixed if the real property is otherwise exempt from ad valorem property taxation and if the green hydrogen system is exempt. Sunsets ad valorem property taxation exemption on January 2, 2028.

BACKGROUND:

According to the United States Department of Energy, hydrogen can be used to store and transport energy, but it is not itself a source of energy. Hydrogen can be produced from electrolysis, a technology that uses electricity to split water into hydrogen and oxygen atoms. When produced from electricity from wind or other renewable resources, hydrogen can store carbon-free energy that can later be used to generate electricity or power vehicles.

House Bill 2535 would exempt from ad valorem property taxation a property constituting a hydrogen system that is used to produce hydrogen by electrolysis or from renewable natural gas.