H.R. 5973:
Hydrogen Transportation Wins Over Growing Reliance on Oil
H2 GROW

<u>Section-by-Section Analysis</u>

Section 1. Short Title.

- Hydrogen Transportation Wins Over Growing Reliance on Oil (H2 GROW) Act

Sec. 2. Credit for Installation of Hydrogen Fueling Stations

- Provides a 50-percent tax credit for the amount paid or incurred by the taxpayer for qualified hydrogen fuel cell vehicle refueling property and the costs associated with the installation of such property. [*]

- The credit would be allowed in the year in which the refueling property is placed in service.

- Qualified hydrogen fuel cell vehicle refueling property is any property, other than a building and its structural components, that is depreciable and used for the production, storage or dispending of hydrogen fuel into the fuel tank of a motor vehicle propelled by hydrogen.

- The credit would only offset a taxpayer's regular tax liability, and the basis of qualified property would be reduced by the amount of the credit.

- Any unused credit could be carried forward for 20 years.

- The credit would be effective for property placed in service after the date of the enactment of this Act, and before December 31, 2013.

Sec. 3. Exclusion of Earnings from Hydrogen Fuel Sales

- Provides for the exclusion from gross income of income attributable to the sale of hydrogen fuel sold at retail for use in a hydrogen vehicle.

- A hydrogen vehicle is a motor vehicle that is propelled by power derived from cells which convert chemical energy directly into electricity by combining oxygen with hydrogen fuel (in any form) or by an internal combustion engine that is fueled by hydrogen.

- The exclusion of income would be permitted for income attributable to sales after December 31, 2014.

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[*] The Energy Policy Act of 2005 (P.L. 109-58) included a credit for installation of alternative fueling stations. The provision provided a 30% credit against the tax imposed for the cost of any qualified alternative fuel vehicle refueling property placed into service beginning in 2005 (to 2009 for alternative fuels and 2014 for hydrogen). In order to qualify at least 85% of the refueling property's volume must consist of one or more of the following: ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, or hydrogen, or any mixture of biodiesel. The credit shall not exceed $30,000 in the case of a property subject to an allowance for depreciation, and $1,000 in any other case. Home refueling properties is excluded.