



*Hydrogen Means Business in California!*

April 1, 2019

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The Honorable Cottie Petrie-Norris  
California State Assembly, AD 74  
P.O. Box 942849  
Sacramento, CA 94249-0074

**Re: AB 745 (Petrie-Norris) Retail Hydrogen Fuel Tax Exemption - SUPPORT**

Dear Assemblymember Petrie-Norris:

On behalf of the California Hydrogen Business Council (CHBC), I write in strong support of your AB 745, which would exempt the sale of hydrogen fuel for zero emission fuel cell vehicles from the state and local sales and use tax (SUT) for a limited time.

The CHBC<sup>i</sup> is a California industry trade association with a mission to advance the commercialization of hydrogen in the energy sector, including transportation, goods movement, and stationary power systems to reduce emissions and dependence on oil.

Hydrogen for transportation is gaining momentum in the State, but is still subject to taxes that other zero-emission fuels are not, specifically sales and use taxes. Section 6353 of the Revenue and Taxation Code completely exempts electricity from the state and local SUT for plug-in battery ZEVs, while retail hydrogen fuel sales are subject to the SUT. This is inconsistent with state policy, such as Executive Order B-48-18, which seeks to advance both battery *and* fuel cell electric ZEV technology, and must be resolved.

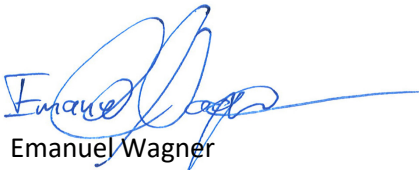
Removing these taxes on hydrogen fuel temporarily would help reduce the cost of hydrogen fuel, putting FCEVs on a more even playing field with other ZEVs, while industry works to build out in-state hydrogen production that will enable the scale and industry competition required to make hydrogen more cost competitive with gasoline and make the exemption less necessary.

Despite California's stated commitment to a zero emission vehicle (ZEV) future, consumer adoption remains a challenge – only 2.6% of new vehicle purchases in 2017 were ZEVs. With just over 300,000 ZEVs on California roads today, deploying a wide range of near-term tools to encourage and accelerate consumer adoption is critical to achieving the states' ambitious transportation sector climate change goals.

Key to success will be giving consumers a greater number of economical choices. While BEVs are an important option, FCEVs can attract customers looking for longer ranges, faster fueling times, lighter weight, or freedom from reliance on electricity infrastructure. AB 745, by ensuring parity between the taxation of hydrogen and electricity when sold as transportation fuel for ZEVs, will accelerate this expansion of consumer choice. This will, in turn, bring California closer to meeting its clean air and greenhouse gas reduction goals, while ensuring that state and local governments are not adversely affected.

For these reasons, CHBC is proud to stand in strong support of AB 745, which will encourage early adoption of FCEVs in California.

Sincerely,



Emanuel Wagner  
Deputy Director  
California Hydrogen Business Council

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<sup>i</sup> The views expressed in these comments are those of the CHBC, and do not necessarily reflect the views of all of the individual CHBC member companies. Members of the CHBC include Advanced Emission Control Solutions, Air Liquide Advanced Technologies U.S., Airthium, Alameda-Contra Costa Transit District (AC Transit), American Honda Motor Company, Anaerobe Systems, Arriba Energy, Ballard Power Systems, Bay Area Air Quality Management District, Beijing SinoHytec, Black & Veatch, BMW of North America, California Performance Engineering, Cambridge LCF Group, Center for Transportation and the Environment (CTE), CNG Cylinders International, Community Environmental Services, CP Industries, DasH2energy, Eco Energy International, Eldorado National – California, Energy Independence Now (EIN), EPC - Engineering, Procurement & Construction, Ergostech Renewal Energy Solution, EWII Fuel Cells, First Element Fuel, FuelCell Energy, GenCell, General Motors, Geoffrey Budd G&SB Consulting Ltd, Giner ELX, Gladstein, Neandross & Associates, Greenlight Innovation, GTA, H2B2, H2Safe, H2SG Energy Pte, H2Tech Systems, Hitachi Zosen Inova ETOGAS GmbH, HODPros, Hydrogenics, Hydrogenious Technologies, Hydrogen Law, HydrogenXT, HyET - Hydrogen Efficiency Technologies, Hyundai Motor Company, ITM Power, Ivys, Johnson Matthey Fuel Cells, Kontak, KORE Infrastructure, Life Cycle Associates, Linde North America, Longitude 122 West, Loop Energy, Luxfer/GTM Technologies, McPhy Energy, Millennium Reign Energy, Montreux Energy, National Renewable Energy Laboratory (NREL), Natural Gas Fueling Solutions – NGFS, Natural Hydrogen Energy, Nel Hydrogen, New Flyer of America, Next Hydrogen, Noyes Law Corporation, Nuvera Fuel Cells, Pacific Gas and Electric Company - PG&E, PDC Machines, Planet Hydrogen, Plug Power, Port of Long Beach, PowerHouse Energy, Powertech Labs, Primidea Building Solutions, Proton OnSite, RG Associates, Rio Hondo College, Rix Industries, Sacramento Municipal Utility District (SMUD), SAFCell, Schatz Energy Research Center (SERC), Sheldon Research and Consulting, Solar Wind Storage, South Coast Air Quality Management District, Southern California Gas Company, Sumitomo Corporation of Americas, Sunline Transit Agency, T2M Global, Tatsuno North America, The Leighty Foundation, TLM Petro Labor Force, Toyota Motor Sales, True Zero, United Hydrogen Group, US Hybrid, Verde, Vinjamuri Innovations, Volute, WireTough Cylinders, Zero Carbon Energy Solutions.