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An act relating to hydrogen energy technology; creating s. 377.801, F.S.; creating the Hydrogen Energy Technologies Act; providing a popular name; creating s. 377.802, F.S.; providing legislative findings and intent; creating s. 377.803, F.S.; providing legislative purpose; creating s. 377.804, F.S.; providing definitions; creating s. 377.805, F.S.; creating the Hydrogen Energy Technologies Grants Program in the Department of Environmental Protection to provide grants for demonstration, commercialization, research, and development projects relating to hydrogen energy technologies; providing requirements and procedures therefor; providing rulemaking authority; amending s. 212.08, F.S.; creating a sales tax exemption for certain hydrogen energy technology projects; providing requirements and procedures therefor; requiring the Department of Environmental Protection to make determinations relating to certain projects; authorizing the Department of Revenue to adopt rules for tax exempt purchases; providing for future repeal of the exemption; amending s. 213.053, F.S.; providing for information sharing between the Department of Revenue and the Department of Environmental Protection; amending s. 220.02, F.S.; providing for the addition of tax credits relating to hydrogen energy technologies in the priority order of tax credits; creating s. 220.192, F.S.; creating a hydrogen energy technologies investment tax credit; providing definitions; providing requirements and

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procedures therefor; authorizing the Department of Revenue to perform certain audits and investigations; requiring the Department of Environmental Protection to provide technical assistance in certain audits and investigations; providing for revocation or modification of credits; providing for payment of tax and interest under certain circumstances; providing rulemaking authority; providing for future repeal of the credit; amending s. 220.13, F.S.; revising the definition of the term "adjusted federal income" to include the amount taken as a credit for expenses related to hydrogen energy technologies; amending s. 366.075, F.S.; authorizing the Florida Public Service Commission to approve experimental or transitional rates to encourage the use of renewable energy; amending s. 366.8255, F.S.; revising the definition of the term "environmental compliance costs" to include costs related to the deployment of hydrogen energy technologies; providing for cost recovery of utility investment in hydrogen energy technologies; amending s. 633.022, F.S.; authorizing the State Fire Marshal to adopt uniform standards for hydrogen fueling, storage, and production facilities; providing rulemaking authority; providing an effective date. Be It Enacted by the Legislature of the State of Florida:

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Section 1. Section 377.801, Florida Statutes, is created to read:

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57 377.801 Popular name. -- Sections 377.801-377.805 may be cited as the "Hydrogen Energy Technologies Act." 58 Section 2. Section 377.802, Florida Statutes, is created 59 60 to read: 377.802 Legislative findings and intent. -- The Legislature 61 finds that advancing the development of clean and efficient 62 energy technologies is important for the state's future, energy 63 stability, and protection of its citizens' public health and its 64 65 environment. The Legislature finds that hydrogen can be used as a clean and efficient energy carrier and that the development of 66 67 hydrogen energy technologies in the state will help to reduce 68 pollution, reduce demand on foreign fuels, promote energy diversity, enhance system reliability, educate the public on the 69 70 promise of alternative energy technologies, and promote economic growth. The Legislature finds that the promotion of hydrogen 71 72 energy technologies will also promote the development of associated energy technologies, including fuel cells and solar 73 74 technologies. The Legislature finds that there is a need to 75 assist in the development of early market demand that will 76 advance the commercialization and widespread application of 77 hydrogen energy technologies. The Legislature further finds that 78 the state is ideally positioned to stimulate economic 79 development through such advanced energy technologies due to its 80 ongoing and successful research and development track record in this area, an abundance of natural and renewable energy sources, 81 82 an ability to attract significant research and development 83 federal dollars, and the need to find and secure clean energy

technologies for the benefit of its citizens, visitors, and environment.

 Section 3. Section 377.803, Florida Statutes, is created to read:

377.803 Purpose.--This act is intended to provide matching grants to stimulate capital investment in the state and to enhance the market for and promote the statewide utilization of hydrogen energy technologies. The targeted grants program is designed to advance the already growing establishment of hydrogen energy technologies in the state and encourage the use of other incentives such as tax exemptions and regulatory certainty to attract additional hydrogen energy technology producers, developers, and users to the state.

Section 4. Section 377.804, Florida Statutes, is created to read:

- 377.804 Definitions.--As used in this act, the term:
- (1) "Act" means the Hydrogen Energy Technologies Act.
- (2) "Balance of plant" means all equipment and components directly involved in the generation, storage, or use of hydrogen for energy production located at the site of hydrogen generation or use.
- (3) "Department" means the Department of Environmental Protection.
- (4) "Electrical grid optimization" means the use of hydrogen energy technology to assist in decreasing electrical peak demand.

110	(5) "Fuel cell" means equipment using an electrochemical
111	process to generate energy, electricity, or the transfer of
112	heat.
113	(6) "Hydrogen energy technology" means any technology that
114	is used primarily for the purpose of generating or using
115	hydrogen directly as a fuel in the state, including, but not
116	<pre>limited to:</pre>
117	(a) Stationary fuel cell systems, or internal combustion
118	engine systems fueled with hydrogen, used for power generation,
119	including prime power, supplemental power, and backup power, and
120	the balance of the plant;
121	(b) On-road and off-road vehicles and watercraft powered
122	by fuel cells or internal combustion engines fueled with
123	hydrogen;
124	(c) Fueling systems and supportive infrastructure;
125	(d) Renewable energy resource systems used to
126	electrolytically produce hydrogen;
127	(e) Reformer technologies used to produce hydrogen from
128	the respective hydrogen carrier, including, but not limited to,
129	steam-methane, biomass, and chemical technologies;
130	(f) Electrical grid electrolysis; and
131	(g) Electrical grid optimization technologies.
132	(7) "Person" means an individual, partnership, joint
133	venture, private or public corporation, association, firm,
134	public service company, or any other entity, public or private,
135	however organized.
136	(8) "Renewable energy resource" means any method, process,
127	or substance, the use of which does not diminish its

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CODING: Words $\frac{\text{stricken}}{\text{stricken}}$ are deletions; words $\frac{\text{underlined}}{\text{ore additions}}$.

availability or abundance, including, but not limited to, solar 138 energy, wind energy, thermal gradient power, hydroelectric 139 power, and fuels derived from agricultural products. However, 140 141 the term "renewable energy resource" does not include fossil 142 fuel or nuclear power. Section 5. Section 377.805, Florida Statutes, is created 143 144 to read: 377.805 Hydrogen Energy Technologies Grants Program .--145 The Hydrogen Energy Technologies Grants Program is 146 147 established within the department to provide hydrogen energy 148 matching grants for demonstration, commercialization, research, 149 and development projects relating to hydrogen energy technologies and electrical grid optimization. 150 151 (2) Matching grants for hydrogen energy demonstration, commercialization, research, and development projects may be 152 made to any of the following based on the criteria in this 153 154 section: 155 Municipalities and county governments; (a) (b) 156 Established for-profit companies licensed to do business in the state; 157 158 (c) State universities; Utilities located and operating within the state; 159 (d) 160 (e) Nonprofit organizations; and 161 (f) Qualified persons. The department shall adopt rules to administer the 162 (3) awarding of grants under this program. 163 Factors the department shall consider in awarding 164 165 grants include, but are not limited to:

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(a) The extent to which the project stimulates in-state capital investment and economic development in metropolitan and rural areas, including the creation of jobs and the future development of a commercial market for clean energy technologies;

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- (b) The availability of matching funds from an applicant and the commitment to provide the matching funds;
 - (c) The ability to administer a complete project;
 - (d) Project duration and timeline for expenditures;
- (e) The geographic area in which the project is to be conducted in relation to other projects;
- (f) Other in-kind contributions applied to the total
 project;
- (g) The extent to which the project incorporates an innovative new technology or an innovative application of an existing technology;
- (h) The degree to which a project generates thermal or electrical energy by means of a low or zero-emissions generation technology or renewable energy resource that has substantial long-term production potential;
- (i) The degree to which the project fosters the general public's, a student's, or a specific government or industry sector's overall understanding and appreciation of clean energy technologies; and
 - (j) The degree of public visibility and interaction.
- (5) Grants awarded to any entity may subsequently be amended by the department upon a determination that sufficient

criteria as provided in subsection (4) are met for the additional funds.

- (6) The department shall provide a progress report on grants awarded to recipients to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The report shall include:
- (a) A description of the extent to which the grants program is benefiting the state's environment, public health, and economic development;
 - (b) A list of grant recipients;
 - (c) The amount of each grant;

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- (d) The amount of matching funds provided by recipients;
- (e) The date of each grant;
- (f) A description of each project or expansion funded by a grant; and
- (g) A description of each project's contribution to the state's knowledge and use of hydrogen energy technologies.
- Section 6. Paragraph (ccc) is added to subsection (7) of section 212.08, Florida Statutes, to read:
- 212.08 Sales, rental, use, consumption, distribution, and storage tax; specified exemptions.--The sale at retail, the rental, the use, the consumption, the distribution, and the storage to be used or consumed in this state of the following are hereby specifically exempt from the tax imposed by this chapter.
- (7) MISCELLANEOUS EXEMPTIONS.--Exemptions provided to any entity by this chapter do not inure to any transaction that is otherwise taxable under this chapter when payment is made by a

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representative or employee of the entity by any means, including, but not limited to, cash, check, or credit card, even when that representative or employee is subsequently reimbursed by the entity. In addition, exemptions provided to any entity by this subsection do not inure to any transaction that is otherwise taxable under this chapter unless the entity has obtained a sales tax exemption certificate from the department or the entity obtains or provides other documentation as required by the department. Eligible purchases or leases made with such a certificate must be in strict compliance with this subsection and departmental rules, and any person who makes an exempt purchase with a certificate that is not in strict compliance with this subsection and the rules is liable for and shall pay the tax. The department may adopt rules to administer this subsection.

- (ccc) Equipment, machinery, and other materials for hydrogen energy technologies.--
- 1. The sale or use of hydrogen energy technologies as defined in s. 377.804(6) and materials used in the manufacture of hydrogen energy technologies is exempt from the tax imposed by this chapter.
- 2.a. The Department of Environmental Protection shall provide to the Department of Revenue a list of items considered to meet the definition of hydrogen energy technologies as defined in s. 377.804(6).
- b. Any person may request a determination from the

 Department of Environmental Protection as to whether an item

 that is not on the list meets the definition of hydrogen energy

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technologies as defined in s. 377.804(6). The Department of

Environmental Protection shall make a determination and issue a
revised list if appropriate. The Department of Environmental

Protection is authorized to adopt rules to implement this subsubparagraph.

- 3. The Department of Revenue is authorized to provide by rule procedures for purchasers to make tax-exempt purchases.
 - 4. This exemption is repealed July 1, 2009.

- Section 7. Paragraph (y) is added to subsection (7) of section 213.053, Florida Statutes, to read:
 - 213.053 Confidentiality and information sharing.--
- (7) Notwithstanding any other provision of this section, the department may provide:
- (y) Information relative to ss. 212.08(7)(ccc) and 220.192 to the Department of Environmental Protection for use in the conduct of its official business.

Disclosure of information under this subsection shall be pursuant to a written agreement between the executive director and the agency. Such agencies, governmental or nongovernmental, shall be bound by the same requirements of confidentiality as the Department of Revenue. Breach of confidentiality is a misdemeanor of the first degree, punishable as provided by s. 775.082 or s. 775.083.

Section 8. Subsection (8) of section 220.02, Florida Statutes, is amended to read:

220.02 Legislative intent.--

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(8) It is the intent of the Legislature that credits against either the corporate income tax or the franchise tax be applied in the following order: those enumerated in s. 631.828, those enumerated in s. 220.191, those enumerated in s. 220.181, those enumerated in s. 220.183, those enumerated in s. 220.182, those enumerated in s. 220.1895, those enumerated in s. 221.02, those enumerated in s. 220.184, those enumerated in s. 220.186, those enumerated in s. 220.1845, those enumerated in s. 220.19, those enumerated in s. 220.185, and those enumerated in s. 220.197. Section 9. Section 220.192, Florida Statutes, is created

Section 9. Section 220.192, Florida Statutes, is created to read:

220.192 Hydrogen energy technologies investment tax credit.--

- (1) DEFINITIONS.--For purposes of this section, the term:
- (a) "Eligible costs" means all capital costs, operation and maintenance costs, and research and development costs incurred between July 1, 2005, and June 30, 2009, in connection with an investment in hydrogen energy technologies in the state, including, but not limited to, the costs of acquiring, leasing, constructing, installing, equipping, and financing of such hydrogen energy technologies in the state, and including all obligations incurred for labor and obligations to contractors, subcontractors, builders, and materialmen in the state.
- (b) "Hydrogen energy technologies" means hydrogen energy technologies as defined in s. 377.804(6).
- (2) TAX CREDIT.--For tax years beginning on or after January 1, 2005, a credit against the tax imposed by this

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chapter shall be granted in an amount equal to 75 percent of the eligible costs. Credits may be used in tax years beginning on or after January 1, 2005, and ending on or before December 31, 2011, after which the credit expires and may not be used. If the credit under this section is not fully used in any one tax year because of insufficient tax liability on the part of the corporation, the unused amount may be carried forward and utilized in tax years beginning on or after January 1, 2006, and ending on or before December 31, 2011, after which the credit carryover expires and may not be used. A taxpayer that files a consolidated return in this state as a member of an affiliated group under s. 220.131(1) may be allowed the credit on a consolidated return basis up to the amount of tax imposed upon the consolidated group. Any eligible cost for which a credit is claimed and which is deducted or otherwise reduces federal taxable income shall be added back in computing adjusted federal income under s. 220.13. APPLICATION PROCESS. -- Any corporation wishing to (3)

obtain tax credits available under this section must submit to the Department of Environmental Protection an application for tax credit that includes a complete description of all eligible costs for which the corporation is seeking a credit and a description of the total amount of credits sought. The Department of Environmental Protection shall make a determination on the eligibility of the applicant for the credits sought and certify the determination to the applicant and the Department of Revenue. The corporation must attach the Department of Environmental Protection's certification to the

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tax return on which the credit is claimed. The Department of

Environmental Protection is authorized to adopt the necessary

rules, guidelines, and application materials for the application
process.

- (4) ADMINISTRATION; AUDIT AUTHORITY; RECAPTURE OF CREDITS; DISPOSITION OR ABANDONMENT OF CREDIT PROPERTY.--
- (a) In addition to its existing audit and investigation authority, the Department of Revenue may perform any additional financial and technical audits and investigations, including examining the accounts, books, and records of the tax credit applicant, that are necessary to verify the eligible costs included in the tax credit return and to ensure compliance with this section. The Department of Environmental Protection shall provide technical assistance when requested by the Department of Revenue on any technical audits or examinations performed pursuant to this section.
- (b) It is grounds for forfeiture of previously claimed and received tax credits if the Department of Revenue determines, as a result of either an audit or examination or from information received from the Department of Environmental Protection, that a taxpayer received tax credits pursuant to this section to which the taxpayer was not entitled. The taxpayer is responsible for returning forfeited tax credits to the Department of Revenue, and such funds shall be paid into the General Revenue Fund of the state.
- (c) The Department of Environmental Protection may revoke or modify any written decision granting eligibility for tax credits under this section if it is discovered that the tax

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credit applicant submitted any false statement, representation, or certification in any application, record, report, plan, or other document filed in an attempt to receive tax credits under this section. The Department of Environmental Protection shall immediately notify the Department of Revenue of any revoked or modified orders affecting previously granted tax credits.

Additionally, the taxpayer must notify the Department of Revenue of any change in its tax credit claimed.

- (d) The taxpayer shall file with the Department of Revenue an amended return or such other report as the Department of Revenue prescribes by rule and shall pay any required tax and interest within 60 days after the taxpayer receives notification from the Department of Environmental Protection that previously approved tax credits have been revoked or modified. If the revocation or modification order is contested, the taxpayer shall file as provided in this paragraph within 60 days after a final order is issued following proceedings.
- (e) A notice of deficiency may be issued by the Department of Revenue at any time within 5 years after the taxpayer receives formal notification from the Department of

 Environmental Protection that previously approved tax credits have been revoked or modified. If a taxpayer fails to notify the Department of Revenue of any changes to its tax credit claimed, a notice of deficiency may be issued at any time.
- (f) A taxpayer that receives a credit under this section for the construction or purchase of structures or the purchase of equipment shall recapture and repay the amount of credit attributable to such property in the event that such property is

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not utilized by the taxpayer for hydrogen energy technologies through the warranty period of the complete system or system components. In the event a warranty is not provided by the equipment manufacturer, the equipment must be operated for the useful life of the complete system or system components. No credit shall be allowed under this section for an eligible cost associated with an investment in hydrogen energy technologies if the credit has previously been allowed for such eligible cost.

- (5) RULES.--The Department of Revenue shall have the authority to adopt rules relating to the forms required to claim a tax credit under this section, the requirements and basis for establishing an entitlement to a credit, and the examination and audit procedures required to administer this section.
- (6) REPEAL.--The provisions of this section, except the credit carryover provisions provided in subsection (2), are repealed on July 1, 2009.
- Section 10. Paragraph (a) of subsection (1) of section 220.13, Florida Statutes, is amended to read:
 - 220.13 "Adjusted federal income" defined. --
- (1) The term "adjusted federal income" means an amount equal to the taxpayer's taxable income as defined in subsection (2), or such taxable income of more than one taxpayer as provided in s. 220.131, for the taxable year, adjusted as follows:
- (a) Additions.--There shall be added to such taxable income:
- 1. The amount of any tax upon or measured by income, excluding taxes based on gross receipts or revenues, paid or

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accrued as a liability to the District of Columbia or any state of the United States which is deductible from gross income in the computation of taxable income for the taxable year.

- 2. The amount of interest which is excluded from taxable income under s. 103(a) of the Internal Revenue Code or any other federal law, less the associated expenses disallowed in the computation of taxable income under s. 265 of the Internal Revenue Code or any other law, excluding 60 percent of any amounts included in alternative minimum taxable income, as defined in s. 55(b)(2) of the Internal Revenue Code, if the taxpayer pays tax under s. 220.11(3).
- 3. In the case of a regulated investment company or real estate investment trust, an amount equal to the excess of the net long-term capital gain for the taxable year over the amount of the capital gain dividends attributable to the taxable year.
- 4. That portion of the wages or salaries paid or incurred for the taxable year which is equal to the amount of the credit allowable for the taxable year under s. 220.181. The provisions of this subparagraph shall expire and be void on June 30, 2005.
- 5. That portion of the ad valorem school taxes paid or incurred for the taxable year which is equal to the amount of the credit allowable for the taxable year under s. 220.182. The provisions of this subparagraph shall expire and be void on June 30, 2005.
- 6. The amount of emergency excise tax paid or accrued as a liability to this state under chapter 221 which tax is deductible from gross income in the computation of taxable income for the taxable year.

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7. That portion of assessments to fund a guaranty association incurred for the taxable year which is equal to the amount of the credit allowable for the taxable year.

- 8. In the case of a nonprofit corporation which holds a pari-mutuel permit and which is exempt from federal income tax as a farmers' cooperative, an amount equal to the excess of the gross income attributable to the pari-mutuel operations over the attributable expenses for the taxable year.
- 9. The amount taken as a credit for the taxable year under s. 220.1895.
- 10. Up to nine percent of the eligible basis of any designated project which is equal to the credit allowable for the taxable year under s. 220.185.
- 11. The amount taken as a credit for the taxable year under s. 220.187.
- 12. The amount taken as a credit for the taxable year under s. 220.192.
- Section 11. Paragraph (d) of subsection (1) of section 366.8255, Florida Statutes, is amended to read:
 - 366.8255 Environmental cost recovery.--
 - (1) As used in this section, the term:
- (d) "Environmental compliance costs" includes all costs or expenses incurred by an electric utility in complying with environmental laws or regulations, or in deploying hydrogen energy technologies, as provided in subparagraph 8., including, but not limited to:
- 1. Inservice capital investments, including the electric utility's last authorized rate of return on equity thereon;

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2. Operation and maintenance expenses;

3. Fuel procurement costs;

- 4. Purchased power costs;
- 5. Emission allowance costs;
- 6. Direct taxes on environmental equipment; and
- 7. Costs or expenses prudently incurred by an electric utility pursuant to an agreement entered into on or after the effective date of this act and prior to October 1, 2002, between the electric utility and the Florida Department of Environmental Protection or the United States Environmental Protection Agency for the exclusive purpose of ensuring compliance with ozone ambient air quality standards by an electrical generating facility owned by the electric utility; and
- 8. Costs incurred between July 1, 2005, and June 30, 2009, for hydrogen energy technologies, as defined in s. 377.804(6), which have the potential to contribute to the provision of adequate and reliable electric service to or for the public in the state, and which have minimal rate impacts. The electric utility shall demonstrate that the proposed hydrogen energy technology meets the definition provided in s. 377.804(6).

Section 12. Subsection (1) of section 633.022, Florida Statutes, is amended, and subsection (4) is added to said section, to read:

633.022 Uniform firesafety standards.--The Legislature hereby determines that to protect the public health, safety, and welfare it is necessary to provide for firesafety standards governing the construction and utilization of certain buildings and structures. The Legislature further determines that certain

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buildings or structures, due to their specialized use or to the special characteristics of the person utilizing or occupying these buildings or structures, should be subject to firesafety standards reflecting these special needs as may be appropriate.

- (1) The department shall establish uniform firesafety standards that apply to:
- (a) All new, existing, and proposed state-owned and state-leased buildings.
- (b) All new, existing, and proposed hospitals, nursing homes, assisted living facilities, adult family-care homes, correctional facilities, public schools, transient public lodging establishments, public food service establishments, elevators, migrant labor camps, mobile home parks, lodging parks, recreational vehicle parks, recreational camps, residential and nonresidential child care facilities, facilities for the developmentally disabled, motion picture and television special effects productions, and self-service gasoline stations, and hydrogen fueling, storage, and production facilities for stationary fuel cells and vehicles, including maintenance and repair facilities, of which standards the State Fire Marshal is the final administrative interpreting authority.

In the event there is a dispute between the owners of the buildings specified in paragraph (b) and a local authority requiring a more stringent uniform firesafety standard for sprinkler systems, the State Fire Marshal shall be the final administrative interpreting authority and the State Fire

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Marshal's interpretation regarding the uniform firesafety standards shall be considered final agency action.

- (4) (a) The State Fire Marshal shall have authority to adopt any rule necessary pertaining to or applicable to any building, structure, facility, condition, situation, or circumstance in which hydrogen is being used, produced, stored, or in any other manner dealt with or treated as a fuel as the State Fire Marshal deems necessary to protect the public health, safety, and welfare and to protect the safety of persons and property in the state, including, but not limited to, the adoption of the most recent edition of the National Fire Protection Association's NFPA 1 and any other applicable code, publication, or standard.
- (b) The State Fire Marshal has the authority to require by rule that any equipment used in conjunction with paragraph (a) must be listed by a nationally recognized testing laboratory, such as Underwriters Laboratories, Inc., or Factory Mutual Laboratories, Inc. The State Fire Marshal has the authority to adopt by rule procedures for determining whether a laboratory is nationally recognized, taking into account the laboratory's facilities, procedures, use of nationally recognized standards, and any other criteria reasonably calculated to reach an informed determination.

Section 13. Subsection (1) of section 366.075, Florida Statutes, is amended to read:

366.075 Experimental and transitional rates.--

(1) The commission is authorized to approve rates on an experimental or transitional basis for any public utility to

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encourage energy conservation or to encourage efficiency or the use of energy from a renewable energy resource, as defined in s.

377.703(2). The application of such rates may be for limited geographic areas and for a limited period.

Section 14. This act shall take effect July 1, 2005.

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