MINNESOTA · REVENUE

SALES TAX
Hydrogen Exemption

February 15, 2007

Preliminary Analysis

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 207 (Rosen) / H.F. 434 (Cornish)

	Fund Impact			
	F.Y. 2008	**F.Y. 2009**	**F.Y. 2010**	**F.Y. 2011**
		(000's)		
General Fund	(Negligible)	(Negl.)	(Negl.)	(Negl.)

Effective for sales made after June 30, 2007.

EXPLANATION OF THE BILL

Hydrogen used to power an internal combustion engine or fuel cell would be exempt from the sales and use tax.

REVENUE ANALYSIS DETAIL

- Information from the Department of Commerce indicates that hydrogen powered vehicle usage in the state is minimal and the current complement of fuel cells are mostly demonstration applications, e.g. the University of Minnesota solar hydrogen fuel cell.
- Hydrogen use in Minnesota has the potential to be significant in future years as part of the emerging fuel cell technology.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

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