

FISCAL NOTE

The fiscal impact, in the form of increased revenues from severance taxes and ad valorem taxes, is indeterminable.

The fiscal impact is indeterminable because the specific timing and volumes of future hydrogen production cannot be estimated at this time.

This bill creates a severance tax on hydrogen production. The bill defines "Hydrogen production" as "...the separation of hydrogen from water that is produced from the ground;".

Hydrogen production will be subject to two severance tax rates:

- Hydrogen produced from by-product water as defined in W.S. 41-3-903 shall be subject to a severance tax rate of 3 percent.
- All other hydrogen produced from water shall be subject to a severance tax rate of 6 percent.

The Department of Revenue (DOR) shall annually value and assess hydrogen production at its fair market value for taxation in accordance with the applicable provisions of W.S. 39-14-202. It is assumed that this annual valuation and assessment will result in the assessment of ad valorem taxes.

According to the University of Wyoming School of Energy Resources, in the next five years, if announced facilities are operational, 1-2 million tonnes (metric tons) of hydrogen are expected to be produced in Wyoming.

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