

HOUSE No. 2900

By Mr. Finegold of Andover, petition of Barry R. Finegold and others relative to economic investment in hydrogen, fuel cell and related technologies. Revenue.

The Commonwealth of Massachusetts

PETITION OF:

Barry R. Finegold	Barbara A. L'Italien
Steven C. Panagiotakos	William Lantigua
James B. Eldridge	Anthony J. Verga
Thomas A. Golden, Jr.	Bradford Hill
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John W. Scibak	Christine E. Canavan
James M. Murphy	John D. Keenan
Mark C. Montigny	Jennifer M. Callahan
Peter V. Kocot	James E. Timilty

In the Year Two Thousand and Seven.

AN ACT RELATIVE TO ECONOMIC INVESTMENT IN HYDROGEN, FUEL CELL AND RELATED TECHNOLOGIES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. To provide for programs that encourage economic
2 investment in the Commonwealth, the sums set forth in this act for
3 the several purposes and subject to the conditions specified in this
1 act and are hereby made available subject to the provisions of law
2 regulating the disbursement of public funds and approval thereof.
3 Hydrogen and fuel cell Legislation to strengthen Massachusetts'
4 competitiveness in the hydrogen and fuel cell industry resulted in
5 expanded employment, increased private investment, greater federal
6 funding, accelerated commercial sales, and increased public educa-
7 tion and awareness. Social benefits include reduced dependence on

8 foreign sources of energy, a cleaner environment, and an expanded
9 manufacturing sector.

1 SECTION 2. Massachusetts shall establish a research and devel-
2 opment matching grant program to help companies in the Common-
3 wealth to accelerate the commercialization of hydrogen and fuel cell
4 technologies. Specific objectives include:—

5 (1) providing direct financing and business assistance to compa-
6 nies located in the Commonwealth;

7 (2) building research capabilities within universities and forge
8 closer ties to industry;

9 (3) promoting early adoption of commercial and near-commercial
10 technologies;

11 (4) increasing public visibility and education associated with
12 hydrogen and fuel cell solutions; and

13 (5) attracting greater amounts of federal funding to Massachu-
14 setts.

15 (a) Companies and organizations (“Requesting Organizations”)
16 must be located in Massachusetts to be eligible for funding.
17 Requesting organizations may request funding for three purposes:—

18 (1) cost share requirements for federal research and development
19 grants;

20 (2) industry sponsored research at Massachusetts universities and
21 colleges; and

22 (3) demonstrations of near-commercial technologies. Requesting
23 organizations must demonstrate how projects will lead to commer-
24 cial success and create benefits to the Commonwealth.

25 (b) All three grant categories are subject to requesting organiza-
26 tion contributions, with the specific contribution level depending on
27 the type of funding requested. For federal research and development
28 grants, the Commonwealth will provide a portion of the federally
29 required cost share percentage, up to 50%. For other grant requests,
30 the Commonwealth shall provide up to 50% of project costs. The
31 maximum grant under any circumstance shall be no greater than
32 50% of the applicable project cost, and no grant provided by the
33 Commonwealth shall be more than \$500,000 per project, with no
34 requesting organization receiving more than \$1 million in any one
35 year under this specific program.

36 (c) The research and development grant matching program shall
37 be designed and administered by the Renewable Energy Trust of the
38 Massachusetts Technology Collaborative (the “Trust”). The Trust
39 shall design and implement a simple application process with
40 explicit award criteria and rapid decision making. The program shall
41 be available to requesting organizations on an open solicitation
42 basis, allowing requesting organizations to submit proposals
43 throughout the year.

44 (d) The MTC shall assign a budget of \$10 million over five years
45 for this program.

1 SECTION 3. The Commonwealth should support the future activ-
2 ities identified in the June 2006 Report of the DG Collaborative to
3 reduce the barriers to the adoption of fuel cells as part of distributed
4 generation systems. In this regard, the Massachusetts Hydrogen
5 Coalition, Inc., or its assigns, should join the DG Collaborative (or
6 its successor) and take an active role in the policy-making process
7 on behalf of its members.

1 SECTION 4. The Massachusetts department of revenue shall
2 offer a fuel cell and hydrogen Investment Tax Credit, offering a tax
3 credit to businesses and individuals that invest in eligible fuel cell
4 and hydrogen systems. Eligible fuel cell or hydrogen systems’
5 include, but are not limited to the following applications:— all sta-
6 tionary, portable, assured or back-up power applications; fuel cells
7 for forklifts and other mobile industrial electric-powered equipment,
8 off-road vehicles and airport ground support equipment; auxiliary
9 power units, remote power generators, and hydrogen production sys-
10 tems.

11 (a) Beginning on or after July 1, 2007, Massachusetts’ based indi-
12 viduals and organizations may claim the fuel cell and hydrogen
13 Investment Tax Credit, including individuals, partners in a partner-
14 ship (including members of an LLC that is treated as a partnership
15 for federal income tax purposes), shareholders of S corporations, and
16 beneficiaries of estates and trusts.

17 (b) The credit applies to eligible equipment expenditures made on
18 or after July 1, 2007, and is claimed for the tax year in which the
19 equipment is placed in use.

20 (c) This law allows a credit for the purchase and installation of
21 eligible equipment. The credit is 30% of the eligible equipment
22 expenditures made on or after July 1, 2007, for the purchase and
23 installation of the eligible equipment. However, the credit cannot
24 exceed \$1,000 per kilowatt for electric generating equipment or its
25 equivalent, for each unit purchased. The equipment must be installed
26 and used in Massachusetts and must be placed in service on or after
27 July 1, 2007.

28 (d) To qualify for the credit, the rated capacity of the electric gen-
29 erating systems must be 0.25 kilowatts (250 watts) or more, but not
30 more than one hundred kilowatts (100,000 watts), or its equivalent.

31 (e) This credit is not refundable. If the amount of credit exceeds
32 your tax for the year, you may carry over the excess to the following
33 five years.

34 (f) Qualified expenditures include expenditures incurred on or
35 after July 1, 2007, for materials, labor costs properly allocated to
36 assembly and installation, engineering services, designs and plans
37 directly related to the construction or installation of the eligible
38 equipment.

39 (g) This credit provision will expire in 2015 and will be available
40 to businesses and individuals in addition to any federal tax credits
41 that may apply.

1 SECTION 5. The Massachusetts Department of Revenue shall
2 extend the job creation incentive payment currently available for life
3 science companies to hydrogen and fuel cell companies that create
4 manufacturing jobs in Massachusetts.

5 (a) Companies must create at least ten jobs during the calendar
6 year to receive tax credits.

7 (b) The incentive payment will be equal to 50% of state with-
8 holding tax (i.e., salaries times 5.3% times 50%.)

9 (c) The incentive payment will be paid in equal installments over
10 three years.