

### Background

Personal property tax returns are due March 15 of each property tax assessment year. The assessment year is the calendar year. The property tax year is July 1 through June 30. Property that is exempt for a limited duration must be reported on an application so it can be valued, depreciated, and added to the roll at the end of the exemption period.

### HB 2535

The bill and the -1 amendment would create a property tax exemption for certain systems used to produce hydrogen. It would not require an application. The exemption would begin in the first property tax year that construction has started on the equipment. Because the assessment date for property is January 1, it is not clear whether the intent is for the six-year period of exemption to begin with the tax year starting July 1 of that same calendar year or not until July 1 of the following assessment year if the construction began in first half of the calendar year.

### Recommendation

Amend the bill to require an application for the exemption, and amend SECTION 1 (3) of the bill as follows.

(3) The exemption under this section may be granted for the property tax year **immediately following January 1 of the assessment year** in which construction of the hydrogen system begins and for the five succeeding property tax years.

### Agency Contact

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