



April 1, 2025

The Honorable Jerry McNerney  
Chair, Senate Revenue and Tax Committee  
State Capitol, room 410  
Sacramento, CA 95814

Dear Senator McNerney,

On behalf of the undersigned organizations, we write in support of SB 419 (Caballero) which would provide an exemption from the state's sales and use tax for hydrogen fuel until January 1, 2030.

The application of the state and local sales and use tax has long applied to hydrogen's traditional industrial uses including refining, aerospace and metals manufacturing. This tax treatment has carried over to hydrogen sold for use as a fuel for zero and near-zero emission vehicles and is applied on a per kilogram basis. Zero emission vehicles are also charged an additional \$117 annually on their registration fee to support transportation and transit infrastructure.

We are supportive of a comprehensive redesign of our fuels tax policy in California and look forward to being part of those discussions. In the meantime, inconsistencies in the structure of fuels taxes are putting hydrogen drivers at a disadvantage. For example, alternative fuels can pay excise taxes via a flat fee that for passenger vehicles (<4,000 lbs) is \$36 per year versus \$117 for zero emission vehicles. As it relates to charging, drivers who charge at home do not pay the sales and use tax, but public chargers are required to collect and remit the sales and use tax for [electricity] fuel consumed. According to the California Energy Commission's 2024 Electric Vehicle Infrastructure Assessment Report<sup>1</sup>, almost 80% of battery vehicle charging occurs at home. Hydrogen drivers are greatly disadvantaged in our current tax structure compared to battery and alternative fuel vehicle drivers.

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<sup>1</sup> [California Energy Commission's 2024 Electric Vehicle Infrastructure Assessment Report](#)

The other challenge SB 419 (Caballero) will address is how best to support a nascent industry that will play a pivotal role in our emissions reduction goals in the transportation sector. According to the Air Resources Board's most recent Mobile Source Strategy<sup>2</sup> and 2022 Scoping Plan<sup>3</sup>, approximately 20% of light-duty electric vehicles will be hydrogen powered because of the many drivers needing "fast and convenient" refueling. According to the State Transportation Agency in its SB 671 report<sup>4</sup>, more than 2,000 hydrogen fueling stations will be needed to support the medium and heavy-duty vehicle classes in 2035. SB 419 (Caballero) will go a long way to encourage early development in this industry critical to achieving California's climate goals.

And unlike gasoline, diesel, alternative fuels and even electricity for battery electric vehicles, hydrogen, specifically zero carbon and renewable hydrogen, is a new entrant to the fuels market. California's first hydrogen production facilities are being built today and work building an adequate distribution network has not even begun. Nevertheless, there are +14,000 fuel cell vehicles on the road today paying approximately \$30 per kilogram for predominately renewable hydrogen fuel. SB 419 would provide an immediate but short-term boost to early adopters of this technology by reducing fuels costs at the pump.

Support for hydrogen fuel in the near-term will also bring a bigger return on investment to the state in the long-term. For all its challenges, the Air Resources Board has indicated in its 2021 Hydrogen Network Self-Sufficiency Analysis that with minimal investment in the near-term the hydrogen industry can reach self-sufficiency. This is unique to hydrogen and bills like SB 419 (Caballero) will demonstrate that with the right support early-on, emissions reductions and economic growth can coexist.

For these reasons, we are pleased to support SB 419 (Caballero) and request your support when heard in Senate Revenue and Tax committee.

Sincerely,

Teresa Cooke  
Executive Director  
California Hydrogen Coalition

CC: The Honorable Anna Caballero  
Honorable Members, Senate Revenue and Taxation Committee  
Haley Summers, Consultant, Senate Revenue and Taxation Committee  
Ryan Eisberg, Consultant, Senate Republican Caucus

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<sup>2</sup> [California Air Resources Board's 2020 Mobile Source Strategy](#)

<sup>3</sup> [California Air Resources Board's 2022 Scoping Plan](#)

<sup>4</sup> [California State Transportation Agency's Senate Bill 671 Report](#)