

**SUBSTITUTE FOR
SENATE BILL NO. 235**

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.847) by adding section 678.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 678. (1) Except as otherwise provided under this section**
2 **and subject to the limitations under this section, for tax years**
3 **beginning on and after January 1, 2026, a qualified taxpayer may**
4 **claim a credit against the tax imposed by this part in an amount**
5 **equal to \$1.50 per gallon of qualified sustainable aviation fuel**
6 **that satisfies both of the following:**

7 **(a) Is produced or blended in this state by the qualified**
8 **taxpayer.**

9 **(b) Is sold in this state during the tax year by the qualified**



1 taxpayer to a purchaser that certifies that the sustainable
2 aviation fuel was purchased for use as fuel in an aircraft
3 departing from an airport in this state.

4 (2) Subject to the limitation under this subsection, the
5 amount of the credit per gallon of qualified sustainable aviation
6 fuel allowed under subsection (1) increases by \$0.02 for each
7 additional 1% reduction in life-cycle greenhouse gas emissions
8 above 50%, as determined in the same manner as provided under the
9 sustainable aviation fuel incentive program created under the
10 sustainable aviation fuel incentive program act. However, the
11 maximum amount of the credit per gallon of qualified sustainable
12 aviation fuel allowed under this section must not exceed \$2.00 per
13 gallon.

14 (3) A taxpayer shall not claim a credit under this section
15 unless the department of environment, Great Lakes, and energy has
16 issued a certificate to the taxpayer. The qualified taxpayer shall
17 attach the certificate received under section 5 of the sustainable
18 aviation fuel incentive program act to the annual return filed
19 under this part on which a credit under this section is claimed. A
20 qualified taxpayer is not allowed to claim a credit under this
21 section in an amount greater than the maximum amount stated on the
22 certificate issued under section 5 of the sustainable aviation fuel
23 incentive program for the designated tax year. The certificate
24 required under this subsection must state all of the following:

25 (a) The taxpayer is a qualified taxpayer.

26 (b) The taxpayer's federal employer identification number or
27 the Michigan department of treasury number assigned to the
28 taxpayer.

29 (c) The sustainable aviation fuel for which the credit is



1 being claimed by the qualified taxpayer is qualified sustainable
2 aviation fuel.

3 (d) The total amount of qualified sustainable aviation fuel
4 that was produced or blended and sold in this state during the tax
5 year by the qualified taxpayer and the maximum amount of the credit
6 under this section that the qualified taxpayer is allowed to claim
7 for the designated tax year.

8 (4) If the amount of the credit allowed under this section
9 exceeds the qualified taxpayer's tax liability for the tax year,
10 that portion that exceeds the tax liability for the tax year must
11 be refunded.

12 (5) As used in this section:

13 (a) "Aviation fuel", "greenhouse gas", "qualified sustainable
14 aviation fuel", and "sustainable aviation fuel" mean those terms as
15 defined under section 3 of the sustainable aviation fuel incentive
16 program act.

17 (b) "Qualified taxpayer" means a taxpayer that is engaged in
18 the business of producing or blending sustainable aviation fuel in
19 this state and that has been issued a certificate under section 5
20 of the sustainable aviation fuel incentive program act.

21 Enacting section 1. This amendatory act does not take effect
22 unless Senate Bill No. 236 of the 103rd Legislature is enacted into
23 law.