

HOUSE BILL No. 4999

June 26, 1991, Introduced by Reps. Pitoniak, Anthony, Yokich, Weeks, Bennett, DeMars, Dobronski, DeBeaussaert and Harder and referred to the Committee on Taxation.

A bill to amend section 262 of Act No. 281 of the Public Acts of 1967, entitled "Income tax act of 1967," as amended by Act No. 516 of the Public Acts of 1988, being section 206.262 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 262 of Act No. 281 of the Public Acts of
2 1967, as amended by Act No. 516 of the Public Acts of 1988, being
3 section 206.262 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 262. (1) ~~For the 1983 through the 1991 tax years, a~~
6 A taxpayer, other than an estate or a trust, may claim a credit
7 against the tax imposed by this act for the taxable year in the
8 amount as provided in this section for the purchase and
9 installation, but excluding finance charges, of a solar, wind, or

1 water energy conversion device in the taxpayer's domicile located
2 in this state, or a building that is owned by the taxpayer and
3 rented or leased for the purpose of providing a domicile and
4 located within this state, or both the taxpayer's domicile
5 located in this state and such a building. A subsequent pur-
6 chaser may claim the credit if the person who installed the
7 solar, wind, or water energy conversion device does not claim the
8 credit. Only 1 person may claim the credit for each installation
9 except as allowed in subsection (7). The credit shall be claimed
10 for the tax year in which the installation of the device was
11 completed.

12 (2) As used in this section:

13 (a) "Solar, wind, or water energy conversion device" means a
14 mechanism or system or series of mechanisms or systems designed
15 primarily to collect, convert, transfer, or store for future use
16 solar, wind, or water energy for the purposes of heating, cool-
17 ing, or electric supply, but not those parts of a heating, cool-
18 ing, or electric supply system that would be required regardless
19 of the energy source being utilized.

20 (b) "Water energy conversion device" ~~includes~~ MEANS only
21 those devices that utilize ground water heat pumps or low head
22 hydroenergy conversion systems.

23 (3) The amount of the credit allowed by this section for the
24 cost of purchase and installation, but excluding finance charges,
25 of a solar, wind, or water energy conversion device in the
26 taxpayer's domicile, or a building that is owned by the taxpayer
27 and rented or leased for the purpose of providing a domicile,

1 that is a single family dwelling and that is located within this
2 state is 30% of the first ~~\$2,000.00~~ \$5,000.00 of cost and 15%
3 of the next ~~\$3,000.00~~ \$7,000.00 of cost. However, the amount
4 of the credit computed pursuant to this subsection shall be
5 reduced by the amount of any sales or use tax exemption attribut-
6 able to the taxpayer in 1983 pursuant to either former section 4h
7 of the general sales tax act, Act No. 167 of the Public Acts of
8 1933, or former section 4e of the use tax act, Act No. 94 of the
9 Public Acts of 1937.

10 (4) The amount of the credit allowed by this section for the
11 cost of purchase and installation, but excluding finance charges,
12 of a solar, wind, or water energy conversion device in the
13 taxpayer's domicile, or a building that is owned by the taxpayer
14 and rented or leased for the purpose of providing a domicile,
15 that is other than a single family dwelling and that is located
16 within this state is 30% of the first ~~\$2,000.00~~ \$5,000.00 of
17 cost and 15% of the next ~~\$7,000.00~~ \$20,000.00 of cost.

18 However, the amount of the credit computed pursuant to this sub-
19 section shall be reduced by the amount of any sales or use tax
20 exemption attributable to the taxpayer in 1983 pursuant to either
21 former section 4h of the general sales tax act, Act No. 167 of
22 the Public Acts of 1933, or former section 4e of the use tax act,
23 Act No. 94 of the Public Acts of 1937.

24 (5) A taxpayer who owns and resides in a condominium located
25 within this state and who installs a solar, wind, or water energy
26 conversion device for the condominium is eligible for the credit

1 provided by this section in proportion to the number of
2 households served by the device.

3 (6) Energy conservation measures applied in conjunction with
4 a solar, wind, or water energy conversion device to increase the
5 energy efficiency of the device shall be considered part of the
6 device and are eligible for the tax credit. These measures shall
7 be defined in the rules promulgated by the department of commerce
8 pursuant to subsection (9). A wood-burning apparatus, excluding
9 a fireplace, installed in conjunction with a solar, wind, or
10 water energy conversion system, to decrease the nonrenewable
11 back-up energy requirements of the building in which the appa-
12 ratus is installed, shall be considered part of the device and is
13 eligible for the tax credit. Swimming pool heating devices are
14 eligible for the credit only if 25% or more of the system's heat-
15 ing capacity is used for residential purposes. Energy conserva-
16 tion measures that are eligible for the tax credit when applied
17 in conjunction with a solar, wind, or water energy conversion
18 device shall be defined by rules promulgated by the department of
19 commerce as part of the eligibility criteria.

20 (7) In the case of a husband or wife who files a separate
21 return, the credit may be taken by either or equally divided
22 between them.

23 (8) If the credit allowed under this section exceeds the tax
24 liability for the taxable year, that portion of the credit that
25 exceeds the tax liability ~~may~~ SHALL be refunded.

26 (9) Before July 3, 1981, the department of commerce shall
27 promulgate rules pursuant to the administrative procedures act of

1 1969, Act No. 306 of the Public Acts of 1969, as amended, being
2 sections 24.201 to 24.328 of the Michigan Compiled Laws, to
3 implement this section and to establish the performance and qual-
4 ity standards and other standards for energy conservation mea-
5 sures and solar, wind, or water energy conversion devices that
6 are eligible for the tax credit under this section. A taxpayer
7 shall file for certification of a device with the department of
8 commerce on a form prescribed by the department not later than 1
9 year following the date on which the installation of the device
10 was completed. The department of commerce may grant an extension
11 for filing upon a showing of good cause. On a form provided by
12 the department, the department of commerce shall certify to the
13 taxpayer that the solar, wind, or water energy conversion device
14 qualifies under this section and shall specify the amount of the
15 credit to which the taxpayer is entitled. A copy of the certifi-
16 cate shall be attached to the return filed under this act. The
17 department of treasury may promulgate rules necessary to carry
18 out the purposes of this section.

19 (10) A solar, wind, or water energy conversion device that
20 qualifies for a credit provided under federal law and that was
21 purchased and installed before promulgation of rules required by
22 this section is eligible for the appropriate tax credit provided
23 by this section.

24 (11) Solar equipment testing, if required by the rules,
25 shall be carried out at a federal, state, or independent testing
26 laboratory and shall be done pursuant to applicable federal and
27 state guidelines.