

Legislative Analysis



TAX CREDIT FOR ENERGY STAR APPLIANCES

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House Bill 5691

Sponsor: Rep. David Farhat

Committee: Energy and Technology

Complete to 3-7-06

A SUMMARY OF HOUSE BILL 5691 AS INTRODUCED 2-16-06

The bill would amend the Income Tax Act to allow certain low-income taxpayers to claim a refundable credit equal to ten percent of the cost of purchasing and installing an energy-efficient appliance.

The credit would be available to a taxpayer who also was eligible for a home heating tax credit (based on household income and size of household). The eligible appliances would be those with the energy star label under the voluntary energy star label program operated jointly by the federal Environmental Protection Agency and the federal Department of Energy. The credit would be refundable, meaning if the amount of the credit exceeded total tax liability, the excess would be refunded to the taxpayer.

MCL 206.275

FISCAL IMPACT:

There were more than 350,000 taxpayers that claimed the home heating credit for the 2003 tax year. Although the credit is refundable, it only represents 10% of the cost of an energy efficient appliance. Therefore, the credit can be expected to reduce income tax revenue by about \$1.0 to \$2.0 million.

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