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Senate Bill 583 (Substitute S-5 as reported by the Committee of the Whole) Senate Bill 584 (Substitute S-1 as reported by the Committee of the Whole)

Sponsor: Senator Jason E. Allen (S.B. 583) Senator Dennis Olshove (S.B. 584)

Committee: Technology and Energy

CONTENT

Senate Bill 583 (S-5) would amend the Michigan Next Energy Authority Act to include items related to the research, development, and manufacturing of an alternative energy system and the research and development of alternative energy vehicles in the definition of "alternative energy technology"; expand the definitions of "alternative energy system" and "alternative energy vehicle"; and add several new definitions.

Senate Bill 584 (S-1) would amend the Michigan Renaissance Zone Act to require the alternative energy zone to promote and increase the testing, as well as the research, development, and manufacturing, of alternative energy technology, and perform the same activities for alternative energy systems and alternative energy vehicles.

MCL 207.822 (S.B 583) 125.2688a (S.B. 584)

FISCAL IMPACT

Senate Bill 583 (S-5): The definition changes proposed in this bill would increase the alternative energy activity that would qualify for two existing single business tax credits and a personal property tax exemption. No actual data are yet available on how much is being claimed through these credits under existing law, but it is estimated that these existing credits will reduce single business tax revenue by \$8.7 million and personal property taxes by \$0.8 million, in FY 2005-06. It is estimated that the changes proposed in this bill would increase the cost of the single business tax credits and personal property tax exemption by \$1.0 million to \$2.0 million. Most of this additional loss in revenue would reflect increased single business tax credits, which would impact the State's General Fund/General Purpose budget. Increased personal property tax exemptions would impact local governments and the School Aid Fund.

Senate Bill 584 (S-1): The bill would likely reduce State and local revenue, and increase School Aid Fund expenditures, by an unknown amount. The bill would add additional items for the alternative energy zone to promote, and would extend the tax exemption, deductions, or credits authorized for qualified property within the zone to property related to those additional items, which include property and activities associated with testing selected aspects of alternative energy and alternative energy products, as well as broadening the selected alternative energy products and technology affected by the Act. The change in revenue and expenditures would depend upon the value of the property affected as well as the business activity associated the additional property and activities included under the bill.

Date Completed: 6-28-06 Fiscal Analyst: Jay Wortley/David Zin

Legislative Analyst: Julie Koval