



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4647 (Substitute H-1 as reported without amendment)

Sponsor: Representative John Moolenaar

House Committee: Government Operations

Senate Committee: Finance

CONTENT

The bill would amend the Single Business Tax Act to allow a taxpayer, for tax years beginning after December 31, 2006, and before January 1, 2008, to claim a single business tax credit if the taxpayer owned a small wind turbine located in this State and used it to generate energy. The credit would be equal to \$0.015 per kilowatt hour generated in the tax year. The total of all credits under the bill could not exceed \$3.0 million per calendar year. The total for any one taxpayer could not exceed \$750,000 for a tax year.

If the credit for a tax year and any unused portion of it exceed the taxpayer's tax liability for the tax year, the excess could not be refunded but could be carried forward as an offset to the tax liability in the subsequent tax year. The credit could be assigned.

A taxpayer would have to apply to the Energy Office of the Department of Labor and Economic Growth for approval of the credit. An application would have to be approved or denied within 45 days after it was received. The Energy Office would have to approve applications in the order in which they were received.

The bill specifies a legislative intent that a taxpayer be able to claim a credit against a successor tax to the single business tax.

"Small wind turbine" would mean an integrated unit consisting of a wind turbine composed of a rotor, an electrical generator, a control system, an inverter, or other power conditioning unit, and a tower, that uses moving air to produce power with a maximum electrical generating capacity of five megawatts.

Proposed MCL 208.36e

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce single business tax revenue by a maximum of \$3.0 million, but this loss in revenue could occur over several years. Taxpayers would not be able to claim a credit that exceeded their tax liability for any particular tax year, but they would be able to assign some or all of their credit to another taxpayer or carry forward any unused credit into future tax years. Therefore, the credits, which could not exceed \$3.0 million, would be claimed beginning in FY 2007-08 when taxpayers file their 2007 tax return; however, any unused credits would not be claimed until FY 2008-09 or later.

Date Completed: 12-13-06

Fiscal Analyst: Jay Wortley

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Analysis available @ <http://www.michiganlegislature.org>

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