

Legislative Analysis



MBT CREDIT: POLYCRYSTALLINE SILICON

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House Bill 5972

Sponsor: Rep. Andy Coulouris

House Bill 5975

Sponsor: Rep. Richard Ball

House Bill 5973

Sponsor: Rep. Jeff Mayes

House Bill 5976

Sponsor: Rep. Kenneth Horn

House Bill 5974

Sponsor: Rep. Terry Brown

House Bill 5977

Sponsor: Rep. Tim Moore

Committee: Energy and Technology

Complete to 4-15-08

A SUMMARY OF HOUSE BILLS 5972-5977 AS INTRODUCED 4-10-08

Taken together, the bills would provide a credit against the Michigan Business Tax to a firm that constructs and operates a new facility for the manufacture of polycrystalline silicon for solar cells and semiconductor chips. The credit would be based on electricity costs. The credit would be available for 12 years, from tax years 2012 through 2023. If the credit exceeded the firm's tax liability, it would be refunded or could be carried forward to offset tax liability in subsequent years, for up to 10 years.

To obtain the credit, a firm would have to enter into an agreement with the Michigan Economic Growth Authority (MEGA). There could only be one such agreement and it could not be entered into after September 30, 2008. The credit is to be taken after all other MBT credits provided to the firm.

For the 2012-2015 tax years, the credit would be equal to the product obtained by multiplying the qualified consumption of electricity times the difference between the guaranteed cost of electricity and the actual delivered price of electricity billed under a tariff rate approved by the Public Service Commission, or the projected cost of electricity, whichever was less. The "qualified consumption of electricity" means up to 1,445,400 megawatt hours of electricity consumed during a tax year.

For the 2016-2021 tax years, the credit would be based on the difference between the projected cost of electricity and the guaranteed cost of electricity.

For the 2022 tax year, the credit would be reduced to 50 percent of the difference between the guaranteed cost and projected cost of electricity. For the 2023 tax year, the credit would be based on 25 percent of the difference.

The term "guaranteed cost of electricity" would mean:

- 4.85 cents per kilowatt hour for tax years 2012 through 2018.

- 5.20 cents per kilowatt hour for tax years 2019 and 2020.
- 6.00 cents per kilowatt hour for tax years 2021 through 2023.

The term "projected cost of electricity" would mean:

- 6.49 cents per kilowatt hour for 2012.
- 6.66 cents per kilowatt hour for 2013.
- 6.84 cents per kilowatt hour for 2014.
- 7.02 cents per kilowatt hour for 2015.
- 7.20 cents per kilowatt hour for 2016.
- 7.40 cents per kilowatt hour for 2017.
- 7.59 cents per kilowatt hour for 2018.
- 7.79 cents per kilowatt hour for 2019.
- 8.00 cents per kilowatt hour for 2020.
- 8.21 cents per kilowatt hour for 2021.
- 8.43 cents per kilowatt hour for 2022.
- 8.65 cents per kilowatt hour for 2023.

House Bill 5972 would amend the Michigan Business Tax Act (MCL 208.1101 et seq.) to allow a qualified taxpayer to claim the new credit and to provide the definitions of "guaranteed cost of electricity" and "projected cost of electricity."

House Bill 5973 would amend the MBT Act to allow the credit for tax years 2012 through 2015.

House Bill 5974 would amend the MBT Act to allow the credit for tax years 2016 through 2021.

House Bill 5975 would amend the MBT Act to allow the credit for tax year 2022.

House Bill 5976 would amend the MBT Act to allow the credit for tax year 2023.

House Bill 5977 would amend the Michigan Economic Growth Authority Act (MCL 207.86) to allow MEGA to issue a certificate providing the tax credit.

Each of the bills is tie-barred to House Bill 5524, which is an amendment to the Customer Choice and Electricity Reliability Act, within the Public Service Commission law. All of the other bills are tie-barred to House Bill 5972.

FISCAL IMPACT:

The bills would reduce MBT revenue, all of which accrues to the General Fund, by an unknown amount.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.