

CREDITS FOR ADVANCED BATTERY TECHNOLOGY

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House Bill 6611 as enrolled

Public Act 580 of 2008

Sponsor: Rep. Lee Gonzales

House Committee: Tax Policy (Discharged)

Senate Committee: Commerce and Tourism

Complete to 3-25-09

A BRIEF SUMMARY OF HOUSE BILL 6611 AS ENROLLED

The bill amended the Michigan Business Tax Act to put in place tax credits related to the development, manufacture, and commercialization of advanced battery technology. The credits are only available to firms that enter into agreements with the Michigan Economic Growth Authority and meet various investment or production criteria. The bill created a new Section 34 of the MBT (MCL 208.1434), which took effect January 16, 2009.

The stated aim of the credits is "to stimulate the domestic commercialization and affordability of high-power energy batteries, the lack of which today is limiting hybrid, plug-in hybrid battery-electric, and fuel cell vehicle applications, and to help insure that job growth from battery technology and commercial production develops alongside advanced vehicle technology development and renewable power generation initiatives both within and outside the transportation sector."

The new act contained the following credits:

- Credits for the manufacture of plug-in traction battery packs in Michigan, beginning in the 2010 tax year and ending before 2015, subject to various total amounts based on kilowatt hours of battery capacity. The maximum amount of these credits available is \$135 million (\$40 million in 2011; \$43 million in 2012; \$43 million in 2013; and \$9 million in 2014).
- Credits for vehicle engineering that supports battery integration, prototyping, and launch expenses incurred in 2009-2013. The credits are available beginning in the 2012 tax year, with the maximum available credits set at \$70 million.
- Credits for advanced automotive battery technology engineering. These are available for the 2012-2014 tax years, with \$30 million in maximum available credits. The MEDC can enter into only one agreement for these credits.
- One credit for the construction of an integrated battery cell manufacturing facility, which could be claimed beginning in the 2012 tax year (although it could be expenses incurred in prior years) and capped at \$25 million per year for four years (or \$100 million overall).

House Bill 6611 required MEGA to appoint a review board to provide advice on decisions about issuing credits. The board would have to contain at least two representatives from automotive manufacturers and two independent scientists. Additional experts could be sought on an ad hoc basis to review business plans and markets. The review board would be required, in making recommendations, to give preference to technologies representing novel materials, manufacturing, and performance qualities.

FISCAL IMPACT:

The maximum amount of credits that could be awarded under the bill totaled \$335 million.

Legislative Analyst: Chris Couch

■ 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.