

SUBSTITUTE FOR  
SENATE BILL NO. 1196

(As amended, June 10, 2008)

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
(MCL 208.1101 to 208.1601) by adding section 430.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           SEC. 430. (1) SUBJECT TO THE LIMITATIONS PROVIDED UNDER THIS  
2 SECTION, A TAXPAYER THAT IS AN OWNER OF A SERVICE STATION MAY CLAIM  
3 A CREDIT AGAINST THE TAX IMPOSED BY THIS ACT EQUAL TO <<THE FOLLOWING:  
          (A) FOR THE 2008 TAX YEAR ONLY, 30% OF THE COST INCURRED DURING THE  
          TAX YEAR AND THE IMMEDIATELY PRECEDING 2 TAX YEARS TO CONVERT EXISTING  
          FUEL DELIVERY SYSTEMS TO PROVIDE E85 FUEL AND TO CREATE NEW FUEL DELIVERY  
          SYSTEMS DESIGNED TO PROVIDE E85 FUEL.  
          (B) FOR THE 2009 TAX YEAR AND EACH TAX YEAR AFTER 2009,>> 30% OF  
4 THE COST <<INCURRED DURING THE TAX YEAR>> TO CONVERT EXISTING FUEL DELIVERY  
5 SYSTEMS TO PROVIDE E85 FUEL  
6 AND TO CREATE NEW FUEL DELIVERY SYSTEMS DESIGNED TO PROVIDE E85  
7 FUEL.  
8           (2) IN DETERMINING THE AMOUNT OF THE CREDIT UNDER SUBSECTION  
9 (1), A TAXPAYER SHALL NOT INCLUDE ANY COSTS TO CONVERT EXISTING  
10 FUEL DELIVERY SYSTEMS TO PROVIDE E85 FUEL OR TO CREATE NEW FUEL  
DELIVERY SYSTEMS DESIGNED TO PROVIDE E85 FUEL FOR WHICH THE

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1 TAXPAYER RECEIVED A GRANT UNDER THE SERVICE STATION MATCHING GRANT  
2 PROGRAM CREATED UNDER SECTION 78 OF THE MICHIGAN STRATEGIC FUND  
3 ACT, 1984 PA 270, MCL 125.2078. <<FOR THE 2008 TAX YEAR ONLY, A TAXPAYER  
4 THAT RECEIVED A GRANT UNDER THE SERVICE STATION MATCHING GRANT PROGRAM  
5 CREATED UNDER SECTION 78 OF THE MICHIGAN STRATEGIC FUND ACT, 1984 PA 270,  
6 MCL 125.2078, DURING THE 2006 OR 2007 TAX YEAR SHALL NOT INCLUDE ANY  
7 COSTS INCURRED DURING THOSE TAX YEARS TO CONVERT OR CREATE FUEL DELIVERY  
8 SYSTEMS TO PROVIDE E85 FUEL.>>

9 (3) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE  
10 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, <<THAT PORTION OF THE CREDIT  
11 THAT EXCEEDS THE TAX LIABILITY SHALL NOT BE REFUNDED.  
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16 (4) A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION  
17 UNLESS THE MICHIGAN STRATEGIC FUND HAS ISSUED A CERTIFICATE TO THE  
18 TAXPAYER. THE TAXPAYER SHALL ATTACH THE CERTIFICATE TO THE ANNUAL  
19 RETURN FILED UNDER THIS ACT ON WHICH THE CREDIT UNDER THIS SECTION  
20 IS CLAIMED. THE CERTIFICATE REQUIRED BY THIS SUBSECTION SHALL STATE  
21 ALL OF THE FOLLOWING:

22 (A) THE TAXPAYER IS THE OWNER OF A SERVICE STATION AND HAS  
23 CONVERTED EXISTING FUEL DELIVERY SYSTEMS TO PROVIDE E85 FUEL OR  
24 CREATED NEW FUEL DELIVERY SYSTEMS DESIGNED TO PROVIDE E85 FUEL, OR  
25 BOTH, DURING THE TAX YEAR FOR WHICH THIS CREDIT IS SOUGHT.

26 (B) THE AMOUNT OF THE COSTS INCURRED BY THE TAXPAYER DURING  
27 THE DESIGNATED TAX YEAR TO CONVERT EXISTING FUEL DELIVERY SYSTEMS  
28 TO PROVIDE E85 FUEL AND TO CREATE NEW FUEL DELIVERY SYSTEMS  
29 DESIGNED TO PROVIDE E85 FUEL AND THE AMOUNT OF ANY GRANT AWARDED  
30 DURING THE DESIGNATED TAX YEAR TO THE TAXPAYER BASED ON THE SAME  
31 COSTS.

32 (C) THE TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER OR  
33 THE MICHIGAN DEPARTMENT OF TREASURY NUMBER ASSIGNED TO THE

1 TAXPAYER.

2 (5) A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION AND  
3 SUBSEQUENTLY STOPS USING THE FUEL DELIVERY SYSTEMS TO PROVIDE E85  
4 FUEL OR WITHIN 3 YEARS OF RECEIVING THIS CREDIT MAY, AS DETERMINED  
5 BY THE MICHIGAN STRATEGIC FUND, HAVE ITS CREDIT REDUCED OR  
6 TERMINATED OR HAVE A PERCENTAGE OF THE CREDIT AMOUNT PREVIOUSLY  
7 CLAIMED UNDER THIS SECTION ADDED BACK TO THE TAX LIABILITY OF THE  
8 TAXPAYER IN THE YEAR THAT THE TAXPAYER STOPS USING THE FUEL  
9 DELIVERY SYSTEMS TO PROVIDE E85 FUEL.

10 (6) AS USED IN THIS SECTION:

11 (A) "E85 FUEL" MEANS A FUEL BLEND CONTAINING BETWEEN 70% AND  
12 85% DENATURED FUEL ETHANOL AND GASOLINE SUITABLE FOR USE IN A  
13 SPARK-IGNITION ENGINE AND THAT MEETS AMERICAN SOCIETY FOR TESTING  
14 AND MATERIALS D-5798 SPECIFICATIONS.

15 (B) "MICHIGAN STRATEGIC FUND" MEANS THE MICHIGAN STRATEGIC  
16 FUND AS DESCRIBED IN THE MICHIGAN STRATEGIC FUND ACT, 1984 PA 270,  
17 MCL 125.2001 TO 125.2094.