

HOUSE BILL No. 5878

March 11, 2008, Introduced by Rep. Sheltrown and referred to the Committee on Agriculture.

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 30% OF THE
4 COST TO CONVERT EXISTING FUEL DELIVERY SYSTEMS TO PROVIDE E85 FUEL
5 OR BIODIESEL BLEND AND TO CREATE NEW FUEL DELIVERY SYSTEMS DESIGNED
6 TO PROVIDE E85 FUEL AND BIODIESEL BLENDS.

7 (2) IN DETERMINING THE AMOUNT OF THE CREDIT UNDER SUBSECTION
8 (1), A TAXPAYER SHALL NOT INCLUDE ANY COSTS TO CONVERT EXISTING
9 FUEL DELIVERY SYSTEMS TO PROVIDE E85 FUEL OR BIODIESEL BLEND OR TO

1 CREATE NEW FUEL DELIVERY SYSTEMS DESIGNED TO PROVIDE E85 FUEL AND
2 BIODIESEL BLENDS FOR WHICH THE TAXPAYER RECEIVED A GRANT UNDER THE
3 SERVICE STATION MATCHING GRANT PROGRAM CREATED UNDER SECTION 78 OF
4 THE MICHIGAN STRATEGIC FUND ACT, 1984 PA 270, MCL 125.2078.

5 (3) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE
6 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THE TAXPAYER MAY ELECT
7 TO HAVE THAT PORTION THAT EXCEEDS THE TAX LIABILITY OF THE TAXPAYER
8 REFUNDED OR TO HAVE THE EXCESS CARRIED FORWARD TO OFFSET TAX
9 LIABILITY IN SUBSEQUENT YEARS FOR 10 YEARS OR UNTIL IT IS USED UP,
10 WHICHEVER OCCURS FIRST.

11 (4) A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION
12 UNLESS THE MICHIGAN STRATEGIC FUND HAS ISSUED A CERTIFICATE TO THE
13 TAXPAYER. THE TAXPAYER SHALL ATTACH THE CERTIFICATE TO THE ANNUAL
14 RETURN FILED UNDER THIS ACT ON WHICH THE CREDIT UNDER THIS SECTION
15 IS CLAIMED. THE CERTIFICATE REQUIRED BY THIS SUBSECTION SHALL STATE
16 ALL OF THE FOLLOWING:

17 (A) THE TAXPAYER IS THE OWNER OF A SERVICE STATION AND HAS
18 CONVERTED EXISTING FUEL DELIVERY SYSTEMS TO PROVIDE E85 FUEL OR
19 BIODIESEL BLEND OR CREATED NEW FUEL DELIVERY SYSTEMS DESIGNED TO
20 PROVIDE E85 FUEL AND BIODIESEL BLENDS, OR BOTH, DURING THE TAX YEAR
21 FOR WHICH THIS CREDIT IS SOUGHT.

22 (B) THE AMOUNT OF THE COSTS INCURRED BY THE TAXPAYER DURING
23 THE DESIGNATED TAX YEAR TO CONVERT EXISTING FUEL DELIVERY SYSTEMS
24 TO PROVIDE E85 FUEL OR BIODIESEL BLEND AND TO CREATE NEW FUEL
25 DELIVERY SYSTEMS DESIGNED TO PROVIDE E85 FUEL AND BIODIESEL BLENDS
26 AND THE AMOUNT OF ANY GRANT AWARDED DURING THE DESIGNATED TAX YEAR
27 TO THE TAXPAYER BASED ON THE SAME COSTS.

1 (C) THE TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER OR
2 THE MICHIGAN DEPARTMENT OF TREASURY NUMBER ASSIGNED TO THE
3 TAXPAYER.

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

12 (6) AS USED IN THIS SECTION:

13 (A) "BIODIESEL" MEANS A FUEL COMPOSED OF MONOALKYL ESTERS OF
14 LONG CHAIN FATTY ACIDS DERIVED FROM VEGETABLE OILS OR ANIMAL FATS,
15 AND, IN ACCORDANCE WITH STANDARDS SPECIFIED BY THE AMERICAN SOCIETY
16 FOR TESTING AND MATERIALS, DESIGNATED B100, AND MEETING THE
17 REQUIREMENTS OF D-6751, AS APPROVED BY THE DEPARTMENT OF
18 AGRICULTURE.

19 (B) "BIODIESEL BLEND" MEANS A FUEL COMPOSED OF A BLEND OF
20 BIODIESEL FUEL WITH PETROLEUM-BASED DIESEL FUEL, SUITABLE FOR USE
21 AS A FUEL IN A COMPRESSION-IGNITION INTERNAL COMBUSTION DIESEL
22 ENGINE.

23 (C) "E85 FUEL" MEANS A FUEL BLEND CONTAINING BETWEEN 70% AND
24 85% DENATURED FUEL ETHANOL AND GASOLINE SUITABLE FOR USE IN A
25 SPARK-IGNITION ENGINE AND THAT MEETS AMERICAN SOCIETY FOR TESTING
26 AND MATERIALS D-5798 SPECIFICATIONS.

27 (D) "MICHIGAN STRATEGIC FUND" MEANS THE MICHIGAN STRATEGIC

- 1 FUND AS DESCRIBED IN THE MICHIGAN STRATEGIC FUND ACT, 1984 PA 270,
- 2 MCL 125.2001 TO 125.2094.