

Legislative Analysis



MBT CREDIT: LARGE SCALE BATTERY FACILITY

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Senate Bill 777

Sponsor: Sen. Tony Stamas

Senate Committee: Commerce and Tourism

House Committee: New Economy and Quality of Life

Complete to 9-22-09

A SUMMARY OF SENATE BILL 777 AS PASSED BY THE SENATE

The bill would amend a section of the Michigan Business Tax Act (MCL 208.1434) that provides tax credits related to the development and application of advanced battery technology. It would allow for an additional credit to be awarded by the Michigan Economic Growth Authority for the construction of a facility that will produce large scale batteries and manufacture integrated power management, smart control, and storage systems from 500 kilowatts to 100 megawatts. The credit would be equal to 25 percent of the capital investment expenses for any tax year.

The bill applies to a firm that will create at least 500 new jobs in Michigan and that receives federal loan guarantees from the U.S. Department of Energy.

There could be only one such credit agreement; the credit could be for up to \$25 million per year for four years, and no credit could be claimed before 2012. The Michigan Economic Growth Authority could not adopt a resolution authorizing and agreement for the credit after March 1, 2010.

The agreement between MEGA and the taxpayer for this credit would have to include, among other things, the location and estimated total cost of the facility, the capital investment, the annual and total amount of the credits that could be claimed, the minimum number of new jobs needed to qualify for the credit, and a repayment provision in case the taxpayer fails to meet the requirements of the agreement. The repayment provision could provide for the termination or reduction of the credit or could allow a percentage of the credit claimed to be added back to the firm's tax liability.

FISCAL IMPACT:

This bill provides for a Michigan Business Tax credit of up to \$25.0 million per year for four years. The credit would begin with the 2012 tax year. The fiscal impact of this bill would affect General Fund/General Purpose revenue. This bill would have no direct impact on local units of government.

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