

Legislative Analysis



EXTEND PHOTOVOLTAIC ENERGY CREDIT SUNSET; RAISE TAX CREDIT CAP; REDUCE JOBS THRESHOLD

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House Bill 4523 (Substitute H-1)

Sponsor: Rep. Ed Clemente

Committee: New Economy and Quality of Life

Complete to 5-5-09

A SUMMARY OF HOUSE BILL 4523 AS REPORTED FROM COMMITTEE

The bill would amend the Michigan Business Tax Act to extend the deadline for awarding a credit to a firm that constructs and operates a facility for the development and manufacture of photovoltaic energy, photovoltaic systems, or other photovoltaic technology. This refundable credit was put in place by Public Act 270 of 2008, and is available beginning in the 2009 tax year. It is based on the capital investment made in a new facility.

Currently, the Michigan Economic Growth Authority (MEGA) cannot enter into an agreement for such a credit after November 1, 2008. House Bill 4523 would extend the deadline to December 31, 2011.

Currently, the total amount of credits allowed for all tax years cannot exceed \$25 million. House Bill 4523 raises the cap to \$100 million. The credit currently is equal to 50 percent of the capital investments made by the taxpayer in a new facility. The bill would make the credit equal to 25 percent of capital investments, with a cap per credit of \$25 million.

Now the credit allowed is taken by a qualified taxpayer in equal installments over two years, beginning with the tax year in which certification is issued. House Bill 4523 retains this provision, but also specifies that if the amount of the credit allowed is more than \$20 million, then the qualified taxpayer cannot claim more than \$10 million in the first tax year.

The term "qualified taxpayer" is defined in the law to mean a taxpayer that has entered an agreement to create at least 700 qualified new jobs and to make at least \$50 million in a qualified capital investment of which \$25 million must be made prior to the issuance of a certificate. House Bill 4523 would reduce the number of new jobs that must be created from 700 to 500.

MCL 208.1430

FISCAL IMPACT:

By extending the sunset on credit agreements, the bill would allow the awarding of credits that, without the bill, could not be awarded. Further, the credit cap of \$25 million has been raised to \$100 million. Any additional cost would reduce General Fund revenue.

POSITIONS:

The Michigan Economic Development Corporation supports the bill. (4-22-09)

Bay Future, Inc. supports the bill. (4-22-09)

The Michigan Environmental Council supports the bill. (4-22-09)

The Michigan Economic Development Corporation supports the bill. (4-22-09)

Saginaw County Chamber of Commerce supports the bill. (4-22-09)

Saginaw Future, Inc. supports the bill. (4-22-09)

The Michigan Manufacturers Association supports the bill. (4-22-09)

Midland Tomorrow supports the bill. (4-22-09)

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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.