

Legislative Analysis



ADVANCED BATTERY TECHNOLOGY CREDITS

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House Bill 5469

Sponsor: Rep. Ed Clemente

House Committee: New Economy and Quality of Life

Complete to 10-16-09

A SUMMARY OF HOUSE BILL 5469 AS INTRODUCED 9-25-09

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 one additional credit to be awarded by the Michigan Economic Growth Authority for the construction of integrated battery cell manufacturing facilities.

This brings the number of credits available from four to five credits. The bill also would extend the deadline for the authorization of such credits by MEGA from October 1, 2009, to December 31, 2009. The maximum allowable credit is \$25 million per year for no more than four years, thus the bill increases the maximum dollar amount of credits available over four years by \$100 million. The advanced battery manufacturing credit is equal to 50 percent of the capital investment expenses for the construction of an integrative cell manufacturing facility if the taxpayer will create at least 300 new jobs in Michigan. No credit is to be claimed until the 2012 tax year (although the credit could be based on expenses incurred in prior years).

[Public Acts 5 and 6 of 2009 (HB 4515 and SB 319) increased the number of these credits available from one to three. Public Act 26 (SB 466) then increased the limit from three to four credits. Public Act 110 of 2009 (SB 777) subsequently allowed for an additional credit outside of the four-credit limit for the construction of a facility that will produce large scale batteries and manufacture integrated power management, smart control, and storage systems. PA 110 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. (This credit applies to the renewable energy park expected to be developed at the site of the former Ford Wixom Plant.)]

FISCAL IMPACT:

The bill would increase the maximum amount of credits available under Section 434 of the MBT Act by a total of \$100 million over four years. To the extent that the Michigan Economic Growth Authority awards additional credits, MBT and General Fund/General Purpose revenue would be reduced. The bill would have no direct effect on local units of government.

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