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Senate Bill 777 (Substitute S-1 as reported)

Sponsor: Senator Tony Stamas Committee: Commerce and Tourism

CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to allow a taxpayer to claim a credit of up to \$25.0 million for up to four years, for a portion of capital investment expenses in a facility that would produce large scale batteries and manufacture certain energy storage systems.

Specifically, the bill would allow a taxpayer to enter into an agreement with the Michigan Economic Growth Authority (MEGA) to claim an MBT credit equal to 25% of the capital investment expenses for any tax year for the construction of a facility that would produce large scale batteries and manufacture integrated power management, smart control, and storage systems from 500 kilowatts to 100 megawatts, if the taxpayer would create at least 500 new jobs in Michigan and received Federal loan guarantees from the U.S. Department of Energy.

Not more than one agreement could be entered into under the bill, and the maximum allowable credit could not exceed \$25.0 million per year for up to four years. No credit could be claimed in a tax year beginning before 2012. The Authority could not adopt a resolution authorizing an agreement to provide a credit under the bill after March 1, 2010.

If a taxpayer claimed a credit under the bill, its agreement with MEGA would have to specify the location of the facility, the estimated total cost of the facility, the capital investment expenses that qualified for the MBT credit, the annual and total dollar amount of the credit that could be claimed, and the minimum number of new jobs to be created in Michigan each year to qualify for the credit. The agreement also would have to include a repayment provision under which, if the taxpayer failed to meet the agreement's requirements, MEGA could reduce or terminate the credit or add a percentage of previously claimed credits to the taxpayer's tax liability.

MCL 208.1434 Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would create a refundable tax credit against the Michigan Business Tax totaling no more than \$25.0 million per year for up to four years, for a maximum cost of \$100.0 million. The credit could not be claimed prior to 2012. This loss in Michigan Business Tax revenue would reduce the General Fund. The bill would have no direct impact on local governments.

Fiscal Analyst: Jay Wortley Date Completed: 9-9-09