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House Bill 4523 (Substitute S-2 as reported)
Sponsor: Representative Ed Clemente
House Committee: New Economy and Quality of Life
Senate Committee: Commerce and Tourism

CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to revise, and delay the sunset for granting, an MBT credit to a qualified taxpayer for the construction and operation of a new facility for the development and manufacture of photovoltaic energy (solar energy), photovoltaic systems, or other photovoltaic technology; allow the Michigan Economic Growth Authority (MEGA) to enter into one agreement with an "eligible taxpayer" for such a credit; and increase the total of all such credits from \$25.0 million to \$75.0 million.

Under Section 430 of the Act, a qualified taxpayer that has entered into an agreement with MEGA that the taxpayer will construct and operate in Michigan a new facility for the development and manufacture of photovoltaic energy, photovoltaic systems, or other photovoltaic technology, may claim an MBT credit equal to 50% of the capital investments made in that new facility during the tax year. Under the bill, the credit could equal 25% of the capital investments made during the tax year and could not exceed \$15.0 million. Currently, a qualified taxpayer must agree to create at least 700 qualified new jobs and to make certain levels of capital investment. The bill would reduce the minimum number of new jobs to 500.

The bill also would allow MEGA to enter into one agreement with an eligible taxpayer for a credit of more than \$15.0 million but not more than \$25.0 million. "Eligible taxpayer" would mean a taxpayer that has entered an agreement to create at least 250 qualified new jobs and to make at least \$100.0 million in a qualified capital investment; \$25.0 million of that investment would have to be made before a certificate was issued.

Under the Act, MEGA may not enter into an agreement after November 1, 2008, and the total amount of MBT credits allowed Section 430 for all tax years may not exceed \$25.0 million. Under the bill, MEGA could not enter into an agreement after December 31, 2011, and the total amount of credits for all tax years could not exceed \$75.0 million.

MCL 208.1430

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

Under current law, the total amount of these credits is capped at \$25.0 million; however, no credits have been issued and the deadline for awarding these credits was November 1, 2008. This bill would extend the deadline for awarding these credits to December 31, 2011, and would increase the cap from \$25.0 million to \$75.0 million. There is no way to know at this time whether some or all of the \$75.0 million in tax credits would actually be awarded and claimed or during which tax years they would be claimed. The loss of Michigan Business Tax revenue as a result of these tax credits would reduce the General Fund. Local units of government would not be directly affected by this bill.

Date Completed: 9-9-09

Fiscal Analyst: Jay Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.