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House Bill 5469 (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 do all of the following:

- Allow the Michigan Economic Growth Authority (MEGA) to enter into a maximum of five, rather than four, tax credit agreements for the construction of an integrative cell (battery) manufacturing facility.
- Extend the deadline from October 1, 2009, to March 31, 2010, for MEGA to enter into integrative cell manufacturing tax-credit agreements.
- Authorize MEGA, until March 1, 2010, to enter into tax-credit agreements for the manufacture of advanced lithium ion battery packs in Michigan for tax years beginning on or after January 1, 2012, and ending before January 1, 2016.
- Require taxpayers receiving credits for lithium ion battery pack production to make capital investments in the State of at least 1.5 times the amount of the credits and create at least one new job in Michigan for every \$90,000 in credits.
- Require at least 225,000 lithium ion battery packs to be manufactured in Michigan pursuant to agreements under the bill.
- Specify that credits for lithium ion battery pack production would be \$400 for an equivalent of one kilowatt hour of battery capacity plus \$33.33 for each additional kilowatt hour of capacity, up to \$500 for each battery pack.
- Cap the total amount of credits for lithium ion battery pack production at \$30.0 million per year for up to four years, and prohibit a single taxpayer from claiming a total of more than \$78.0 million.
- Require agreements for various battery-related tax credits under the Act to include a repayment provision.

The bill also would require a lithium ion battery pack production agreement to require the taxpayer to make a good faith effort to use Michigan suppliers and vendors in 2012, 2013, and 2014. For a credit during 2015, the agreement would have to require the taxpayer to use cells from an integrative cell manufacturing facility granted an MBT credit. The agreement also would have to include the minimum number of battery packs to be manufactured each tax year; the maximum amount of the credit that could be claimed each year; the capital investment expenses that would qualify for the credit; and the minimum number of new jobs to be created and maintained in Michigan each year.

MCL 208.1434

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce MBT revenue by a maximum of \$55.0 million per year beginning with the 2012 tax year. The maximum revenue loss from the bill would total \$220.0 million.

Date Completed: 12-16-09

Fiscal Analyst: David Zin

[floor/hb5469](#)

Bill Analysis @ www.senate.michigan.gov/sfa

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.