

# SENATE BILL No. 1343

May 20, 2010, Introduced by Senators STAMAS and ALLEN and referred to the Committee on Commerce and Tourism.

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
by amending section 434 (MCL 208.1434), as amended by 2009 PA 240.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 434. (1) The Michigan economic growth authority is  
2       authorized to enter into agreements to provide tax credits  
3       available under this section to stimulate the domestic  
4       commercialization and affordability of high-power energy batteries,  
5       the lack of which today is limiting hybrid, plug-in hybrid battery-  
6       electric, and fuel cell vehicle applications, and to help insure  
7       that job growth from battery technology and commercial production  
8       develops alongside advanced vehicle technology development and  
9       renewable power generation initiatives both within and outside the

1 transportation sector.

2 (2) Subject to the limitations provided under this section,  
3 for tax years that begin on or after January 1, 2010 and end before  
4 January 1, 2015, a taxpayer that has entered into an agreement with  
5 the Michigan economic growth authority that provides that the  
6 taxpayer will manufacture plug-in traction battery packs in this  
7 state may claim a credit against the tax imposed by this act for  
8 the manufacture of those plug-in traction battery packs as provided  
9 in this section. The Michigan economic growth authority may enter  
10 into more than 1 agreement under this section. However, the total  
11 number of plug-in traction battery packs eligible for all credits  
12 under all agreements allowed under this section shall not exceed  
13 the number of plug-in traction battery packs eligible for a credit  
14 as provided in this section and at least 1 agreement shall make  
15 capital investments of not less than \$200,000,000.00 not later than  
16 December 31, 2012. A taxpayer shall not claim a credit under this  
17 section for more than 3 years. The total of all credits allowed  
18 under this section shall be as follows:

19 (a) For tax years beginning after December 31, 2010 and ending  
20 before January 1, 2012, \$500.00 for an equivalent of 4 kilowatt  
21 hours of battery capacity plus \$125.00 for each kilowatt hour of  
22 battery capacity in excess of 4 kilowatt hours of battery capacity  
23 not to exceed \$2,000.00 for each plug-in traction battery pack. The  
24 total number of traction battery packs shall not exceed 20,000  
25 plug-in traction battery pack units under this subdivision, and the  
26 total amount of credits allowed under this subdivision shall not  
27 exceed \$40,000,000.00.

1 (b) For tax years beginning after December 31, 2011 and ending  
2 before January 1, 2013, \$375.00 for an equivalent of 4 kilowatt  
3 hours of battery capacity plus \$93.75 for each kilowatt hour of  
4 battery capacity in excess of 4 kilowatt hours of battery capacity  
5 not to exceed \$1,500.00 for each plug-in traction battery pack. The  
6 total number of traction battery packs shall not exceed 40,000  
7 plug-in traction battery pack units under this subdivision, and the  
8 total amount of credits allowed under this subdivision shall not  
9 exceed \$43,000,000.00. A single taxpayer shall not claim a credit  
10 for more than 25,000 plug-in traction battery pack units under this  
11 subdivision. The number of battery pack units not used for credits  
12 under subdivision (a) may be added to the total number of battery  
13 pack units for which a credit is available under this subdivision,  
14 and the credits for those units shall be calculated as described in  
15 subdivision (a) and shall be in addition to the maximums allowed  
16 for any 1 taxpayer under this subdivision or the total limits  
17 allowed under this subdivision.

18 (c) For tax years beginning after December 31, 2012 and ending  
19 before January 1, 2014, \$375.00 for an equivalent of 4 kilowatt  
20 hours of battery capacity plus \$93.75 for each kilowatt hour of  
21 battery capacity in excess of 4 kilowatt hours not to exceed  
22 \$1,500.00 for each plug-in traction battery pack. The total number  
23 of traction battery packs shall not exceed 40,000 plug-in traction  
24 battery pack units under this subdivision, and the total amount of  
25 credits allowed under this subdivision shall not exceed  
26 \$43,000,000.00. A single taxpayer shall not claim a credit for more  
27 than 25,000 plug-in traction battery pack units under this

1 subdivision.

2 (d) For tax years beginning after December 31, 2013 and ending  
3 before January 1, 2015, \$375.00 for an equivalent of 4 kilowatt  
4 hours of battery capacity plus \$93.75 for each kilowatt hour of  
5 battery capacity in excess of 4 kilowatt hours not to exceed  
6 \$1,500.00 for each plug-in traction battery pack. The total number  
7 of traction battery packs shall not exceed 25,000 plug-in traction  
8 battery pack units under this subdivision, and the total amount of  
9 credits allowed under this subdivision shall not exceed  
10 \$9,000,000.00.

11 (3) For tax years that begin on or after January 1, 2012 and  
12 subject to the limitations of this subsection, a taxpayer may claim  
13 a credit of up to 75% of the qualified expenses for vehicle  
14 engineering in this state to support battery integration,  
15 prototyping, and launch expenses incurred for tax years that begin  
16 on or after January 1, 2009 and end before January 1, 2014. This  
17 credit shall not exceed \$15,000,000.00 per year as agreed to and  
18 certified by the Michigan economic growth authority. Any expenses  
19 for which a credit is claimed under this subsection shall not be  
20 included in costs and expenses used for credits available under  
21 sections 403 and 405. The Michigan economic growth authority may  
22 not authorize more than \$135,000,000.00 in total credits to all  
23 taxpayers under this subsection. To claim the credit under this  
24 subsection, a taxpayer must manufacture a cumulative total of at  
25 least 1,000 motor vehicles that would qualify for the credit under  
26 section 30D of the internal revenue code and the credit shall be  
27 available to the taxpayer only for the following percentages of the

1 total authorized annual expenses:

2 (a) In a tax year in which the taxpayer has manufactured a  
3 cumulative total of at least 1,000 motor vehicles and fewer than  
4 2,000 motor vehicles that qualify for the credit under section 30D  
5 of the internal revenue code, 20%.

6 (b) In a tax year in which the taxpayer has manufactured a  
7 cumulative total of at least 2,000 motor vehicles but fewer than  
8 3,000 motor vehicles that qualify for the credit under section 30D  
9 of the internal revenue code, 40%.

10 (c) In a tax year in which the taxpayer has manufactured a  
11 cumulative total of at least 3,000 motor vehicles but fewer than  
12 4,000 motor vehicles that qualify for the credit under section 30D  
13 of the internal revenue code, 60%.

14 (d) In a tax year in which the taxpayer has manufactured a  
15 cumulative total of at least 4,000 motor vehicles but fewer than  
16 5,000 motor vehicles that qualify for the credit under section 30D  
17 of the internal revenue code, 80%.

18 (e) In a tax year in which the taxpayer has manufactured a  
19 cumulative total of at least 5,000 motor vehicles that qualify for  
20 the credit under section 30D of the internal revenue code, 100%.

21 (4) For tax years that begin on or after January 1, 2012 and  
22 end before January 1, 2015, a taxpayer that has entered into an  
23 agreement with the Michigan economic growth authority that provides  
24 that the taxpayer will increase its engineering activities in this  
25 state for advanced automotive battery technologies may claim a  
26 credit under this subsection. A taxpayer's qualified advanced  
27 battery engineering expenses for advanced automotive battery

1 technologies shall exceed those expenses for the taxpayer's 2008  
2 fiscal year to qualify for the credit under this subsection. The  
3 Michigan economic growth authority may enter into not more than 1  
4 agreement for advanced battery engineering credits, and the total  
5 value of credits available under this subsection is limited to  
6 \$30,000,000.00. The credits under this subsection shall be allowed  
7 as follows:

8 (a) Up to 75% of the total dollar amount of the qualified  
9 advanced battery engineering expenses of an authorized business  
10 incurred during tax years beginning on or after January 1, 2009 and  
11 ending before January 1, 2014. The taxpayer must submit to the  
12 Michigan economic growth authority an affidavit certifying the  
13 amount of qualified advanced battery engineering expenses for each  
14 year.

15 (b) Notwithstanding any other provision of this section, a  
16 taxpayer may claim no more than \$10,000,000.00 in credits under  
17 this subsection in any tax year.

18 (c) The credits available under this subsection shall not be  
19 allowed if the taxpayer claims credits under subsection (2) for  
20 battery pack assembly for the tax year. Notwithstanding this  
21 limitation, the credits available under this subsection are in  
22 addition to any other incentives which may be authorized under the  
23 Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to  
24 207.810, for other related or unrelated projects including the  
25 vehicle research and development expenses authorized under  
26 subsection (3). Any expenses for which a credit is claimed under  
27 this subsection shall not be included in costs and expenses used

1 for credits available under sections 403 and 405.

2 (5) A taxpayer that has entered into an agreement with the  
3 Michigan economic growth authority may claim a credit equal to 50%  
4 of the capital investment expenses for any tax year for the  
5 construction of an integrative cell manufacturing facility that  
6 includes anode and cathode manufacturing and cell assembly if the  
7 taxpayer will create not less than 300 new jobs in this state. Not  
8 more than 5 agreements may be entered into under this section, and  
9 the maximum allowable credit under each agreement shall not exceed  
10 \$25,000,000.00 per year for no more than 4 years. No credit shall  
11 be claimed in a tax year beginning before 2012. However, tax  
12 credits may be based on expenses incurred in this state in prior  
13 years. The Michigan economic growth authority shall not adopt a  
14 resolution authorizing an agreement to provide credits under this  
15 subsection after March 31, 2010.

16 (6) A taxpayer that has entered into an agreement with the  
17 Michigan economic growth authority may claim a credit equal to 25%  
18 of the capital investment expenses for any tax year for the  
19 construction of a facility that will produce large scale batteries  
20 and manufacture integrated power management, smart control, and  
21 storage systems from 500 kilowatts to 100 megawatts if the taxpayer  
22 will create not fewer than 500 new jobs in this state and the  
23 taxpayer has received **CONVENTIONAL FINANCING, RECOVERY ZONE**  
24 **FACILITY BONDS, OR** federal loan guarantees for a project that  
25 employs innovative energy efficiency, renewable energy, and  
26 advanced transmission and distribution technologies from the United  
27 States department of energy under section 1703 of title XVII of the

1 energy policy act of 2005, 42 USC 16513. Not more than 1 agreement  
2 may be entered into under this subsection, and the maximum  
3 allowable credit under the agreement shall not exceed  
4 \$25,000,000.00 per year for no more than 4 years. No credit shall  
5 be claimed in a tax year beginning before 2012. The Michigan  
6 economic growth authority shall not adopt a resolution authorizing  
7 an agreement to provide a credit under this subsection after March  
8 1, 2010.

9 (7) Subject to the limitations under subsection (8), for tax  
10 years that begin on or after January 1, 2012 and end before January  
11 1, 2017, a taxpayer that has entered into an agreement with the  
12 Michigan economic growth authority that provides that the taxpayer  
13 will manufacture advanced lithium ion battery packs in this state  
14 may claim a credit against the tax imposed by this act for the  
15 manufacture of those advanced lithium ion battery packs as follows:

16 (a) For a taxpayer that agrees to make capital investments in  
17 this state of not less than \$250,000,000.00, to create at least  
18 1,000 new jobs that shall include jobs that are transferred to this  
19 state from a foreign country, and to manufacture not less than  
20 225,000 advanced lithium ion battery packs in this state, a total  
21 credit of not more than \$26,000,000.00 per tax year for no more  
22 than 3 tax years. The Michigan economic growth authority shall not  
23 adopt a resolution authorizing an agreement under this subdivision  
24 after March 1, 2010.

25 (b) For a taxpayer that agrees to make capital investments in  
26 this state of not less than \$200,000,000.00 and to create at least  
27 300 new jobs, a total credit of not more than \$42,000,000.00 over 4



1 consecutive tax years unless otherwise provided under subsection  
2 (10). Unless the Michigan economic growth authority determines that  
3 there are previously issued credits authorized under subsection (6)  
4 available or that there are credits available under subsection  
5 (7)(a) for additional credits under this subdivision, the Michigan  
6 economic growth authority shall not adopt a resolution authorizing  
7 an agreement under this subdivision after March 1, 2010.

8 (8) Any capital investments made, jobs created, or expenses  
9 incurred pursuant to an agreement entered for a credit under  
10 subsection (7) or (9) shall be in addition to any other capital  
11 investments, jobs, or expenses used for any other credit available  
12 under this section and shall not be included or used for a credit  
13 available under any subsection other than subsection (7) or (9),  
14 respectively. A taxpayer that claims a credit under subsection  
15 (7)(a) shall not claim an additional credit under subsection  
16 (7)(b). For purposes of subsection (7), "new job" means a full-time  
17 job created by a taxpayer related to its advanced lithium ion  
18 battery activities, including its battery pack assembly facility, a  
19 cell manufacturing facility, and a motor vehicle assembly facility  
20 at which the battery pack is installed in a motor vehicle, or  
21 related battery engineering, that is in excess of the number of  
22 active full-time jobs the taxpayer maintained in this state prior  
23 to the effective date of the amendatory act that added this  
24 subsection as determined by the Michigan economic growth authority.

25 (9) Subject to the limitations of this subsection, if the  
26 Michigan economic growth authority determines that there are  
27 previously issued credits authorized under subsection (6)

1 available, then for tax years that begin on or after January 1,  
2 2015 and end before January 1, 2017 a taxpayer may claim a credit  
3 of up to 75% of the costs incurred during each tax year that begins  
4 on or after January 1, 2013 and ends before January 1, 2016 to  
5 implement a sourcing program to utilize battery cells from a  
6 business that has entered into an agreement under subsection (5)  
7 for the construction of an integrative cell manufacturing facility.  
8 Costs eligible for the credit under this subsection shall include  
9 payments for battery pack and vehicle engineering and associated  
10 design or integration including prototyping, facility, equipment or  
11 component retooling, and vehicle regulatory certification and shall  
12 include costs such as direct labor, purchases of capital equipment  
13 at cost, expensed supplies, intellectual property licensing,  
14 services, and financing, as determined and certified by the  
15 Michigan economic growth authority. Any costs for which a credit is  
16 claimed under this subsection shall not be included in costs and  
17 expenses used for credits available under sections 403 and 405. The  
18 Michigan economic growth authority may enter into more than 1  
19 agreement under this subsection. The Michigan economic growth  
20 authority shall not authorize more than an amount equal to 25% of  
21 the previously issued credits available under subsection (6) as  
22 determined under subsection (10) in total credits to all taxpayers  
23 under this subsection. A single taxpayer shall not claim a credit  
24 of more than \$12,500,000.00 per year for no more than 2 years. To  
25 claim the credit under this subsection, a taxpayer must manufacture  
26 at least 10,000 motor vehicles in each year a credit is claimed at  
27 a facility in this state at which some of the costs eligible for a

1 credit under this subsection are or were incurred. An agreement  
2 entered into under this subsection shall contain a repayment  
3 provision that if the taxpayer relocates its battery pack assembly  
4 facility for which credits are taken under subsection (7) outside  
5 of this state during the term of the agreement or subsequently  
6 substantially fails to meet the requirements of the agreement, as  
7 determined by the Michigan economic growth authority, the taxpayer  
8 shall have its credit reduced or terminated or have a percentage of  
9 the amount previously claimed under this subsection added back to  
10 the tax liability of the taxpayer in the year that the taxpayer  
11 fails to comply with the agreement.

12 (10) If the Michigan economic growth authority determines that  
13 there are previously issued credits authorized under subsection (6)  
14 available, an amount equal to 25% of those previously issued  
15 credits may be used by the authority to enter into agreements for  
16 which a credit may be claimed under subsection (9) and an amount  
17 equal to 25% of those previously issued credits may be used by the  
18 authority to enter into additional agreements for which a credit  
19 may be claimed under subsection (7)(b). If the Michigan economic  
20 growth authority approves a total of less than \$78,000,000.00 in  
21 credits under subsection (7)(a), the Michigan economic growth  
22 authority may use the difference between \$78,000,000.00 and the  
23 total amount of credits approved under subsection (7)(a) to approve  
24 additional credits under subsection (7)(b). As used in this  
25 subsection and subsections (7) and (9), "previously issued credits"  
26 means the total amount of credits authorized by the authority for a  
27 taxpayer under subsection (6) that meets all of the following:

1 (a) The taxpayer did not use any or a portion of the credits  
2 authorized under the written agreement under subsection (6).

3 (b) The authority determined at a meeting upon a vote of the  
4 majority of the members present that the credits previously  
5 authorized satisfy subdivision (a).

6 (11) The Michigan economic growth authority shall appoint a  
7 review board to advise it about decisions concerning credits under  
8 subsection (5). The review board shall be composed of not fewer  
9 than 2 independent scientists. Additional experts may be sought on  
10 an ad hoc basis to review business plans and addressable markets.  
11 In making its recommendations, the review board shall give  
12 preference to technologies presenting novel materials,  
13 manufacturing, and performance qualities. The review board shall  
14 also consider all of the following:

15 (a) Business activities related to advanced battery technology  
16 occurring exclusively in Michigan.

17 (b) Activities directly related to whole cell production, from  
18 materials to large format cells, in Michigan.

19 (c) Scalability of manufacturing processes that are  
20 established, are robust, and address strategic global automotive  
21 market requirements.

22 (12) Credits under this section shall be taken after  
23 nonrefundable credits available under this act. If a credit or the  
24 sum of credits allowed under this section exceeds the tax liability  
25 of the taxpayer for the tax year, the taxpayer may elect to have  
26 that portion that exceeds the tax liability of the taxpayer  
27 refunded or to have the excess carried forward to offset tax

1 liability in subsequent tax years for 10 years or until used up,  
2 whichever occurs first. Amounts carried forward shall not affect  
3 the maximum amount of credits that may be claimed in subsequent  
4 years.

5 (13) An agreement entered into for tax credits under this  
6 section shall specify all of the following:

7 (a) For credits provided under subsection (2), the number of  
8 plug-in traction battery packs eligible for a credit for each tax  
9 year covered by the period of the agreement and the maximum amount  
10 of the credit that may be claimed by the taxpayer in each tax year.

11 (b) If the taxpayer claims a credit under subsection (3), the  
12 qualified expenses for vehicle engineering, prototype, and launch  
13 costs and the annual and total dollar amount of the credits that  
14 may be claimed under subsection (3).

15 (c) If the taxpayer claims a credit under subsection (4), the  
16 total dollar amount of the credits that may be claimed under  
17 subsection (4).

18 (d) If a taxpayer claims a credit under subsection (5), all of  
19 the following:

20 (i) The location of the facility.

21 (ii) The estimated total cost of the facility.

22 (iii) The capital investment expenses that qualify for the  
23 credit under subsection (5).

24 (iv) The annual and total dollar amount of the credits that may  
25 be claimed under subsection (5).

26 (v) A repayment provision that if the taxpayer subsequently  
27 substantially fails to meet certain requirements of the agreement,

1 as determined by the Michigan economic growth authority, the  
2 taxpayer may have its credit reduced or terminated or have a  
3 percentage of the amount previously claimed under subsection (5)  
4 added back to the tax liability of the taxpayer in the year that  
5 the taxpayer fails to comply with the agreement.

6 (e) If a taxpayer claims a credit under subsection (6), all of  
7 the following:

8 (i) The location of the facility.

9 (ii) The estimated total cost of the facility.

10 (iii) The capital investment expenses that qualify for the  
11 credit under subsection (6).

12 (iv) The annual and total dollar amount of the credits that may  
13 be claimed under subsection (6).

14 (v) The minimum number of new jobs to be created in this state  
15 each year to qualify for the credit under subsection (6).

16 (vi) A repayment provision that if the taxpayer subsequently  
17 substantially fails to meet certain requirements of the agreement,  
18 as determined by the Michigan economic growth authority, the  
19 taxpayer may have its credit reduced or terminated or have a  
20 percentage of the amount previously claimed under subsection (6)  
21 added back to the tax liability of the taxpayer in the year that  
22 the taxpayer fails to comply with the agreement.

23 (f) If a taxpayer claims a credit under subsection (7), all of  
24 the following:

25 (i) A provision that the taxpayer agrees to make a good faith  
26 effort to utilize Michigan suppliers and vendors when purchasing  
27 components and services related to the production of advanced

1 lithium ion battery packs for which a credit is claimed in the  
2 2012, 2013, and 2014 tax years. For a credit during the 2015 and  
3 2016 tax years, a provision that the taxpayer shall utilize cells  
4 from a business that has entered into an agreement under subsection  
5 (5) for the construction of an integrative cell manufacturing  
6 facility.

7 (ii) A repayment provision that if the taxpayer relocates its  
8 advanced lithium ion battery pack assembly facility that produces  
9 the battery pack units for which the credit is claimed under  
10 subsection (7) outside of this state during the term of the  
11 agreement or subsequently fails to meet the capital investment or  
12 new jobs requirements of the agreement entered into for a credit  
13 under subsection (7), as determined by the Michigan economic growth  
14 authority, the taxpayer shall have a percentage of the amount  
15 previously claimed under subsection (7) added back to the tax  
16 liability of the taxpayer in the year that the taxpayer fails to  
17 comply with the agreement entered into for a credit under  
18 subsection (7) and shall have its credit terminated or reduced  
19 prospectively.

20 (iii) The minimum number of advanced lithium ion battery packs  
21 to be manufactured to be eligible for a credit for each tax year  
22 covered by the period of the agreement and the maximum amount of  
23 the credit that may be claimed by the taxpayer in each tax year.

24 (iv) The capital investment that qualifies for the credit under  
25 subsection (7).

26 (v) The minimum number of new jobs to be created in this state  
27 to qualify for the credit under subsection (7).

1           (14) A taxpayer shall not claim a credit under this section  
2 unless the Michigan economic growth authority has issued a  
3 certificate to the taxpayer. The taxpayer shall attach the  
4 certificate to the annual return filed under this act on which a  
5 credit under this section is claimed. The certificate required  
6 under this subsection shall state all of the following:

7           (a) The taxpayer is located in this state and engaged in  
8 activity that qualifies for the credit under this section.

9           (b) The taxpayer's federal employer identification number or  
10 the Michigan department of treasury number assigned to the taxpayer  
11 and, for a taxpayer that is a unitary business group, the federal  
12 employer identification number or Michigan department of treasury  
13 number assigned to the member of the group engaged in this state in  
14 activity that qualifies for a credit under this section.

15           (c) If applicable, the number of plug-in traction battery pack  
16 units or advanced lithium ion battery pack units manufactured by  
17 the taxpayer during the designated tax year and the amount of the  
18 credit under this section for which the taxpayer is allowed to  
19 claim for the designated tax year.

20           (d) For credits available under subsections (3), (4), (5),  
21 (6), (7), and (9), the amount of the credit available for the tax  
22 year and such other information as may be required by the  
23 department.

24           (15) As used in this section:

25           (a) "Advanced automotive battery technology" means a  
26 rechargeable lithium battery that supports vehicle propulsion or  
27 other advanced technologies as may be further defined by the



1 Michigan economic growth authority.

2 (b) "Advanced lithium ion battery pack" means an assembled  
3 unit of battery cells containing rechargeable lithium ion chemistry  
4 designed and mass-produced for the purpose of transportation,  
5 including defense and commercial applications.

6 (c) "Battery cell" means the basic electrochemical unit that  
7 provides a source of electrical energy by direct conversion of  
8 chemical energy and consists of an assembly of electrodes,  
9 separators, electrolyte, container, and terminals.

10 (d) "Capital investment" means expenses incurred during the  
11 tax year and included in an agreement under this section that are  
12 associated with facilities, equipment, tooling and engineering, and  
13 manufacturing, including salaries, contract services, taxes,  
14 utilities, raw materials, and supplies.

15 (e) "Michigan economic growth authority" means the Michigan  
16 economic growth authority created in the Michigan economic growth  
17 authority act, 1995 PA 24, MCL 207.801 to 207.810.

18 (f) "Plug-in traction battery pack" means an electrochemical  
19 energy storage device that meets the following requirements:

20 (i) Has a traction battery capacity of not less than 4.0  
21 kilowatt hours.

22 (ii) Is equipped with an electrical plug by means of which it  
23 can be energized and recharged when plugged into an external source  
24 of power.

25 (iii) Consists of standardized configuration and is mass-  
26 produced.

27 (iv) Has been tested and approved by the national highway

1 transportation safety administration as compliant with applicable  
2 motor vehicle and motor vehicle equipment safety standards when  
3 installed by a mechanic with standardized training in protocols  
4 established by the manufacturer as part of a nationwide  
5 distribution program.

6 (v) Is installed in a new qualified plug-in electric drive  
7 motor vehicle that qualifies for the credit under section 30D of  
8 the internal revenue code.

9 (g) "Qualified advanced battery engineering expenses" means  
10 that part of a taxpayer's qualified research expenses as defined  
11 under section 41(b) of the internal revenue code related to  
12 engineering research and development related to advanced automotive  
13 battery technology.

14 (h) "Qualified expenses for vehicle engineering" means that  
15 part of a taxpayer's expenses for activities within this state  
16 related to integrating batteries into a motor vehicle that would  
17 qualify for the credit under section 30D of the internal revenue  
18 code including such qualified research expenses as defined under  
19 section 41(b) of the internal revenue code.

20 (i) "Traction battery capacity" is the number of kilowatt  
21 hours measured from a 100% state of charge to a 0% state of charge.