SENATE BILL No. 855

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November 29, 2011, Introduced by Senator KOWALL and referred to the Committee on Economic Development.

A bill to amend 2007 PA 36, entitled "Michigan business tax act," by amending sections 107 and 434 (MCL 208.1107 and 208.1434), section 107 as amended by 2011 PA 209 and section 434 as amended by 2010 PA 114.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 107. (1) "Certificated credit" means any of the following:

(a) A tax voucher certificate that has been issued to a taxpayer under an agreement entered into before January 1, 2012 under section 419 or section 23 of the Michigan early stage venture investment act of 2003, 2003 PA 296, MCL 125.2253.

(b) A credit for which a preapproval letter has been issued to a qualified taxpayer under section 437 before January 1, 2012 to the extent the credit has not been fully claimed or paid prior to

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January 1, 2012.

(c) ~~A~~ **EXCEPT AS OTHERWISE PROVIDED UNDER SUBDIVISION (I), A** credit for which a taxpayer or a qualified taxpayer has entered into an agreement with the Michigan economic growth authority under sections 430, 431, 431a, 431b, 431c, 432, 434, or 450 before January 1, 2012 to the extent the credit has not been fully claimed or paid prior to January 1, 2012.

(d) A credit for which a taxpayer or eligible production company has entered into an agreement with the Michigan film office with the concurrence of the state treasurer under section 455 or 457 before January 1, 2012 to the extent the credit has not been fully claimed or paid before January 1, 2012.

(e) A credit for which a qualified taxpayer has received a part 2 approval, approved rehabilitation plan, approved high community impact rehabilitation plan, or preapproval letter from the state historic preservation office under section 435 before January 1, 2012 to the extent the credit has not been fully claimed or paid before January 1, 2012.

(f) A credit under section 433 but only for a taxpayer that has a development agreement executed between a taxpayer and the Michigan strategic fund before January 1, 2012 or for a taxpayer that has entered into a qualified collaborative agreement under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, before January 1, 2012. As used in this subsection, "qualified collaborative agreement" means that term as defined in section 8d of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2688d.

(g) A credit applicable to this act granted under section 36109 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.36109.

(h) A credit allowed a taxpayer under section 409 if the taxpayer has met the capital expenditure requirements under section 409(4).

(I) A CREDIT FOR WHICH A TAXPAYER OR A QUALIFIED TAXPAYER HAS ENTERED INTO AN AGREEMENT WITH THE MICHIGAN ECONOMIC GROWTH AUTHORITY UNDER SECTION 434(6) BEFORE JULY 1, 2012.

(2) "Client" means an entity whose employment operations are managed by a professional employer organization.

(3) "Compensation" means all wages, salaries, fees, bonuses, commissions, other payments made in the tax year on behalf of or for the benefit of employees, officers, or directors of the taxpayers, and any earnings that are net earnings from self-employment as defined under section 1402 of the internal revenue code of the taxpayer or a partner or limited liability company member of the taxpayer. Compensation includes, but is not limited to, payments that are subject to or specifically exempt or excepted from withholding under sections 3401 to 3406 of the internal revenue code. Compensation also includes, on a cash or accrual basis consistent with the taxpayer's method of accounting for federal income tax purposes, payments to a pension, retirement, or profit sharing plan other than those payments attributable to unfunded accrued actuarial liabilities, and payments for insurance for which employees are the beneficiaries, including payments under health and welfare and noninsured benefit plans and payment of fees

for the administration of health and welfare and noninsured benefit plans. Compensation for a taxpayer licensed under article 25 or 26 of the occupational code, 1980 PA 299, MCL 339.2501 to 339.2518 and 339.2601 to 339.2637, includes payments to an independent contractor licensed under article 25 or 26 of the occupational code, 1980 PA 299, MCL 339.2501 to 339.2518 and 339.2601 to 339.2637. Compensation does not include any of the following:

(a) Discounts on the price of the taxpayer's merchandise or services sold to the taxpayer's employees, officers, or directors that are not available to other customers.

(b) Except as otherwise provided in this subsection, payments to an independent contractor.

(c) Payments to state and federal unemployment compensation funds.

(d) The employer's portion of payments under the federal insurance contributions act, chapter 21 of subtitle C of the internal revenue code, 26 USC 3101 to 3128, the railroad retirement tax act, chapter 22 of subtitle C of the internal revenue code, 26 USC 3201 to 3233, and similar social insurance programs.

(e) Payments, including self-insurance payments, for worker's compensation insurance or federal employers' liability act insurance pursuant to 45 USC 51 to 60.

(4) "Corporation" means a taxpayer that is required or has elected to file as a corporation under the internal revenue code.

(5) "Department" means the department of treasury.

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

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

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

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

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

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

(3) For tax years that begin on or after January 1, 2012 and subject to the limitations of this subsection, a taxpayer may claim a credit of up to 75% of the qualified expenses for vehicle engineering in this state to support battery integration, prototyping, and launch expenses incurred for tax years that begin on or after January 1, 2009 and end before January 1, 2014. This credit shall not exceed $15,000,000.00 per year as agreed to and certified by the Michigan economic growth authority. Any expenses for which a credit is claimed under this subsection shall not be included in costs and expenses used for credits available under

sections 403 and 405. The Michigan economic growth authority may not authorize more than $135,000,000.00 in total credits to all taxpayers under this subsection. To claim the credit under this subsection, a taxpayer must manufacture a cumulative total of at least 1,000 motor vehicles that would qualify for the credit under section 30D of the internal revenue code and the credit shall be available to the taxpayer only for the following percentages of the total authorized annual expenses:

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

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

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

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

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

(4) For tax years that begin on or after January 1, 2012 and end before January 1, 2015, a taxpayer that has entered into an agreement with the Michigan economic growth authority that provides that the taxpayer will increase its engineering activities in this state for advanced automotive battery technologies may claim a credit under this subsection. A taxpayer's qualified advanced battery engineering expenses for advanced automotive battery technologies shall exceed those expenses for the taxpayer's 2008 fiscal year to qualify for the credit under this subsection. The Michigan economic growth authority may enter into not more than 1 agreement for advanced battery engineering credits, and the total value of credits available under this subsection is limited to $30,000,000.00. The credits under this subsection shall be allowed as follows:

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

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

(c) The credits available under this subsection shall not be allowed if the taxpayer claims credits under subsection (2) for battery pack assembly for the tax year. Notwithstanding this limitation, the credits available under this subsection are in addition to any other incentives which may be authorized under the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810, for other related or unrelated projects including the vehicle research and development expenses authorized under subsection (3). Any expenses for which a credit is claimed under this subsection shall not be included in costs and expenses used for credits available under sections 403 and 405.

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

(6) ~~A~~ **SUBJECT TO THE LIMITATIONS UNDER THIS SUBSECTION, A** taxpayer that has entered into an agreement with the Michigan economic growth authority may claim a credit equal to 25% of the capital investment expenses for any tax year for the construction of a facility that will produce ~~large scale batteries and~~

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~~manufacture integrated power management, smart control, and storage systems from 500 kilowatts to 100 megawatts~~ **AT LEAST 1 OR MORE OF THE FOLLOWING: BATTERIES, BATTERY COMPONENTS, STORAGE SYSTEMS, BATTERY THERMAL AND MANAGEMENT COMPONENTS OR SYSTEMS, AC OR DC POWER SUPPLIES, POWER ELECTRONICS, BATTERY FORMATION AND TEST EQUIPMENT, OR ENERGY CONVERSION DEVICES INCLUDING COMPONENTS RELATED TO SUCH PRODUCTS OF VARIOUS SIZES AND CAPACITIES** if the taxpayer ~~will~~ **AGREES TO** create not fewer than ~~500~~ **750** new jobs in this state **<<**~~and the taxpayer has received conventional financing, recovery zone facility bonds, or federal loan guarantees for a project that employs innovative energy efficiency, renewable energy, and advanced transmission and distribution technologies from the United States department of energy under section 1703 of title XVII of the energy policy act of 2005, 42 USC 16513.~~

.>> Not more than 1 agreement may be entered into under this subsection **FOR A TOTAL CREDIT OF NOT MORE THAN $50,000,000.00 OVER 4 YEARS**, and the maximum allowable credit under the agreement shall not exceed $25,000,000.00 per year. ~~for no more than 4 years.~~ No credit shall be claimed in a tax year beginning before 2012. The Michigan economic growth authority shall not adopt a resolution authorizing an agreement to provide a credit under this subsection after ~~March 1, 2010.~~ **JUNE 30, 2012.**

(7) Subject to the limitations under subsection (8), for tax years that begin on or after January 1, 2012 and end before January

1, 2017, a taxpayer that has entered into an agreement with the Michigan economic growth authority that provides that the taxpayer will manufacture advanced lithium ion battery packs in this state may claim a credit against the tax imposed by this act for the manufacture of those advanced lithium ion battery packs as follows:

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

(b) For a taxpayer that agrees to make capital investments in this state of not less than $200,000,000.00 and to create at least 300 new jobs, a total credit of not more than $42,000,000.00 over 4 consecutive tax years unless otherwise provided under subsection (10). Unless the Michigan economic growth authority determines that there are previously issued credits authorized under subsection (6) available or that there are credits available under subsection (7)(a) for additional credits under this subdivision, the Michigan economic growth authority shall not adopt a resolution authorizing an agreement under this subdivision after March 1, 2010.

(8) Any capital investments made, jobs created, or expenses incurred pursuant to an agreement entered for a credit under subsection (7) or (9) shall be in addition to any other capital

investments, jobs, or expenses used for any other credit available under this section and shall not be included or used for a credit available under any subsection other than subsection (7) or (9), respectively. A taxpayer that claims a credit under subsection (7)(a) shall not claim an additional credit under subsection (7)(b). For purposes of subsection (7), "new job" means a full-time job created by a taxpayer related to its advanced lithium ion battery activities, including its battery pack assembly facility, a cell manufacturing facility, and a motor vehicle assembly facility at which the battery pack is installed in a motor vehicle, or related battery engineering, that is in excess of the number of active full-time jobs the taxpayer maintained in this state prior to the effective date of the amendatory act that added this subsection as determined by the Michigan economic growth authority.

(9) Subject to the limitations of this subsection, if the Michigan economic growth authority determines that there are previously issued credits authorized under subsection (6) available, then for tax years that begin on or after January 1, 2015 and end before January 1, 2017 a taxpayer may claim a credit of up to 75% of the costs incurred during each tax year that begins on or after January 1, 2013 and ends before January 1, 2016 to implement a sourcing program to utilize battery cells from a business that has entered into an agreement under subsection (5) for the construction of an integrative cell manufacturing facility. Costs eligible for the credit under this subsection shall include payments for battery pack and vehicle engineering and associated design or integration including prototyping, facility, equipment or

component retooling, and vehicle regulatory certification and shall include costs such as direct labor, purchases of capital equipment at cost, expensed supplies, intellectual property licensing, services, and financing, as determined and certified by the Michigan economic growth authority. Any costs for which a credit is claimed under this subsection shall not be included in costs and expenses used for credits available under sections 403 and 405. The Michigan economic growth authority may enter into more than 1 agreement under this subsection. The Michigan economic growth authority shall not authorize more than an amount equal to 25% of the previously issued credits available under subsection (6) as determined under subsection (10) in total credits to all taxpayers under this subsection. A single taxpayer shall not claim a credit of more than $12,500,000.00 per year for no more than 2 years. To claim the credit under this subsection, a taxpayer must manufacture at least 10,000 motor vehicles in each year a credit is claimed at a facility in this state at which some of the costs eligible for a credit under this subsection are or were incurred. An agreement entered into under this subsection shall contain a repayment provision that if the taxpayer relocates its battery pack assembly facility for which credits are taken under subsection (7) outside of this state during the term of the agreement or subsequently substantially fails to meet the requirements of the agreement, as determined by the Michigan economic growth authority, the taxpayer shall have its credit reduced or terminated or have a percentage of the amount previously claimed under this subsection added back to the tax liability of the taxpayer in the year that the taxpayer fails to comply with the agreement.

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

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

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

(11) The Michigan economic growth authority shall appoint a review board to advise it about decisions concerning credits under subsection (5). The review board shall be composed of not fewer than 2 independent scientists. Additional experts may be sought on an ad hoc basis to review business plans and addressable markets.

In making its recommendations, the review board shall give preference to technologies presenting novel materials, manufacturing, and performance qualities. The review board shall also consider all of the following:

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

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

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

(12) Credits under this section shall be taken after nonrefundable credits available under this act. If a credit or the sum of credits allowed under this section exceeds the tax liability of the taxpayer for the tax year, the taxpayer may elect to have that portion that exceeds the tax liability of the taxpayer refunded or to have the excess carried forward to offset tax liability in subsequent tax years for 10 years or until used up, whichever occurs first. Amounts carried forward shall not affect the maximum amount of credits that may be claimed in subsequent years.

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

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

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

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

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

(*i*) The location of the facility.

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

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

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

(*v*) A repayment provision that if the taxpayer subsequently substantially fails to meet certain requirements of the agreement, as determined by the Michigan economic growth authority, the taxpayer may have its credit reduced or terminated or have a percentage of the amount previously claimed under subsection (5) added back to the tax liability of the taxpayer in the year that the taxpayer fails to comply with the agreement.

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

(*i*) The location of the facility.

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

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

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

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

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

(*vii*) A PROVISION THAT IF THE TAXPAYER FAILS TO CREATE 750 NEW JOBS THE TAXPAYER SHALL HAVE ITS CREDIT REDUCED BY $65,000.00 FOR EACH JOB LESS THAN 750 THAT WAS NOT CREATED AND THAT IF THE TAXPAYER FAILS TO CREATE AT LEAST 500 NEW JOBS A PROVISION REGARDING AN ADDITIONAL CLAWBACK OF ANY CREDIT OR BENEFIT RECEIVED PURSUANT TO THE AGREEMENT.

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

(*i*) A provision that the taxpayer agrees to make a good faith effort to utilize Michigan suppliers and vendors when purchasing components and services related to the production of advanced lithium ion battery packs for which a credit is claimed in the 2012, 2013, and 2014 tax years. For a credit during the 2015 and 2016 tax years, a provision that the taxpayer shall utilize cells from a business that has entered into an agreement under subsection

(5) for the construction of an integrative cell manufacturing facility.

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

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

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

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

(14) A taxpayer shall not claim a credit under this section unless the Michigan economic growth authority has issued a certificate to the taxpayer. The taxpayer shall attach the certificate to the annual return filed under this act on which a

credit under this section is claimed. The certificate required under this subsection shall state all of the following:

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

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

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

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

(15) As used in this section:

(a) "Advanced automotive battery technology" means a rechargeable lithium battery that supports vehicle propulsion or other advanced technologies as may be further defined by the Michigan economic growth authority.

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

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

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

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

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

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

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

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

(*iv*) Has been tested and approved by the national highway transportation safety administration as compliant with applicable motor vehicle and motor vehicle equipment safety standards when installed by a mechanic with standardized training in protocols established by the manufacturer as part of a nationwide distribution program.

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

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

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

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