SENATE BILL NO. 447

June 28, 2023, Introduced by Senator SINGH and referred to the Committee on Energy and Environment.

A bill to amend 1967 PA 281, entitled

"Income tax act of 1967,"

(MCL 206.1 to 206.847) by adding section 677.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 677. (1) Except as otherwise provided under this section, a taxpayer engaged in the use of sustainable aviation fuel may claim a credit against the tax imposed by this part in an amount equal to $1.00 per gallon of sustainable aviation fuel purchased in this state during the tax year by a business for use as fuel for

flights departing in this state. The amount of the credit per gallon allowed under this section increases by $0.02 for each additional 1% reduction in carbon dioxide equivalent emissions above 50% but shall not exceed $2.00 per gallon.

(2) A taxpayer shall not claim a credit under this section unless the office of climate and energy within the department of environment, Great Lakes, and energy 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 name, business address, and tax identification number of the taxpayer.

(b) The total amount of gallons of sustainable aviation fuel that is purchased in this state during the tax year by the taxpayer and to be used by the taxpayer as fuel in an aircraft departing from an airport in this state.

(c) If applicable, the number of gallons of sustainable aviation fuel for which the percentage reduction in carbon dioxide equivalent emissions is above 50% and that percentage amount.

(3) If the amount of the credit allowed under this section exceeds the taxpayer's tax liability for the tax year, that portion that exceeds the tax liability for the tax year must be refunded.

(4) As used in this section:

(a) "Annual carbon intensity standard" means the applicable standard established and published by the office of climate and energy within the department of environment, Great Lakes, and energy.

(b) "Aviation fuel" means fuel as that term is defined in

section 4 of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.4.

(c) "Biomass" means any organic matter that is available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues, plants including aquatic plants, grasses, residues, fibers, animal waste, and the organic portion of solid wastes.

(d) "Carbon dioxide equivalent" means a metric measure used to compare the emissions from various greenhouse gases based upon their global-warming potential.

(e) "Carbon intensity" means the quantity of life-cycle greenhouse gas emission, per unit of fuel energy, expressed in grams of carbon dioxide equivalent per megajoule.

(f) "Sustainable aviation fuel" means liquid fuel that satisfies all of the following:

(*i*) Is derived from biomass.

(*ii*) Is not derived from palm fatty acid distillates.

(*iii*) Achieves at least a 50% life-cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel as determined by a test that shows either of the following:

(A) That the fuel production pathway achieves at least a 50% life-cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel utilizing the most recent version of Argonne National Laboratory's Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model that accounts for reduced emissions throughout the fuel production process.

(B) That the fuel production pathway achieves at least a 50%

reduction of the aggregate attributional core life-cycle emissions and the positive induced land use change values under the life-cycle methodology for sustainable aviation fuels adopted by the International Civil Aviation Organization with the agreement of the United States.