

**SUBSTITUTE FOR
SENATE BILL NO. 235**

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.847) by adding section 678.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 678. (1) Except as otherwise provided under this section**
2 **and subject to the limitations under this section, for tax years**
3 **beginning on and after January 1, 2026, a qualified taxpayer that**
4 **complies with subsection (3) may claim a credit against the tax**
5 **imposed by this part in an amount equal to \$1.50 per gallon of**
6 **sustainable aviation fuel that satisfies both of the following:**

7 **(a) Is produced or blended in this state by the qualified**
8 **taxpayer.**

9 **(b) Is sold in this state during the tax year by the qualified**

1 taxpayer to a purchaser that certifies that the sustainable
2 aviation fuel was purchased for use as fuel in an aircraft
3 departing from an airport in this state.

4 (2) Subject to the limitation under this subsection, the
5 amount of the credit per gallon of sustainable aviation fuel
6 allowed under subsection (1) increases by \$0.02 for each additional
7 1% reduction in life-cycle greenhouse gas emissions above 50%, as
8 determined in the same manner as provided under the sustainable
9 aviation fuel incentive program created under the sustainable
10 aviation fuel incentive program act. However, the maximum amount of
11 the credit per gallon of sustainable aviation fuel allowed under
12 this section must not exceed \$2.00 per gallon.

13 (3) A taxpayer shall not claim a credit under this section
14 unless the department of environment, Great Lakes, and energy has
15 issued a tax credit certificate to the taxpayer. The qualified
16 taxpayer shall attach the tax credit certificate to the annual
17 return filed under this part on which a credit under this section
18 is claimed. A qualified taxpayer is not allowed to claim a credit
19 under this section in an amount greater than the maximum amount
20 stated on the tax credit certificate for the designated tax year.

21 (4) If the amount of the credit allowed under this section
22 exceeds the qualified taxpayer's tax liability for the tax year,
23 that portion that exceeds the tax liability for the tax year must
24 be refunded.

25 (5) As used in this section:

26 (a) "Aviation fuel", "greenhouse gas", "sustainable aviation
27 fuel", and "sustainable aviation fuel incentive program" mean those
28 terms as defined under section 3 of the sustainable aviation fuel
29 incentive program act.

1 (b) "Qualified taxpayer" means a taxpayer that is engaged in
2 the business of producing or blending sustainable aviation fuel in
3 this state and that has been issued a tax credit certificate.

4 (c) "Tax credit certificate" means the certificate issued
5 under section 5 of the sustainable aviation fuel incentive program
6 act.

7 Enacting section 1. This amendatory act does not take effect
8 unless Senate Bill No. 236 of the 103rd Legislature is enacted into
9 law.