

# HOUSE BILL No. 6115

May 4, 2010, Introduced by Reps. Bolger, Amash, McMillin, Agema, DeShazor, Haveman, Paul Scott, Green, Meekhof, Meltzer, Daley, Crawford, Genetski, Lund, Rogers, Kowall and Booher and referred to the Committee on Tax Policy.

A bill to amend 2007 PA 36, entitled "Michigan business tax act," by amending sections 434 and 460 (MCL 208.1434 and 208.1460), section 434 as amended by 2009 PA 240 and section 460 as added by 2008 PA 335.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 434. (1) ~~The~~ **UNLESS AN EARLIER DEADLINE IS PROVIDED UNDER**  
 2 **THIS SECTION, THE** Michigan economic growth authority is authorized  
 3 to enter into agreements **THROUGH DECEMBER 31, 2010** to provide tax  
 4 credits available under this section to stimulate the domestic  
 5 commercialization and affordability of high-power energy batteries,  
 6 the lack of which today is limiting hybrid, plug-in hybrid battery-  
 7 electric, and fuel cell vehicle applications, and to help insure

1 that job growth from battery technology and commercial production  
2 develops alongside advanced vehicle technology development and  
3 renewable power generation initiatives both within and outside the  
4 transportation sector.

5 (2) Subject to the limitations provided under this section,  
6 for tax years that begin on or after January 1, 2010 and end before  
7 January 1, 2015, a taxpayer that has entered into an agreement with  
8 the Michigan economic growth authority **BEFORE JANUARY 1, 2011** that  
9 provides that the taxpayer will manufacture plug-in traction  
10 battery packs in this state may claim a credit against the tax  
11 imposed by this act for the manufacture of those plug-in traction  
12 battery packs as provided in this section. The Michigan economic  
13 growth authority may enter into more than 1 agreement under this  
14 section. However, the total number of plug-in traction battery  
15 packs eligible for all credits under all agreements allowed under  
16 this section shall not exceed the number of plug-in traction  
17 battery packs eligible for a credit as provided in this section and  
18 at least 1 agreement shall make capital investments of not less  
19 than \$200,000,000.00 not later than December 31, 2012. A taxpayer  
20 shall not claim a credit under this section for more than 3 years.  
21 The total of all credits allowed under this section shall be as  
22 follows:

23 (a) For tax years beginning after December 31, 2010 and ending  
24 before January 1, 2012, \$500.00 for an equivalent of 4 kilowatt  
25 hours of battery capacity plus \$125.00 for each kilowatt hour of  
26 battery capacity in excess of 4 kilowatt hours of battery capacity  
27 not to exceed \$2,000.00 for each plug-in traction battery pack. The

1 total number of traction battery packs shall not exceed 20,000  
2 plug-in traction battery pack units under this subdivision, and the  
3 total amount of credits allowed under this subdivision shall not  
4 exceed \$40,000,000.00.

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

22 (c) For tax years beginning after December 31, 2012 and ending  
23 before January 1, 2014, \$375.00 for an equivalent of 4 kilowatt  
24 hours of battery capacity plus \$93.75 for each kilowatt hour of  
25 battery capacity in excess of 4 kilowatt hours not to exceed  
26 \$1,500.00 for each plug-in traction battery pack. The total number  
27 of traction battery packs shall not exceed 40,000 plug-in traction

1 battery pack units under this subdivision, and the total amount of  
2 credits allowed under this subdivision shall not exceed  
3 \$43,000,000.00. A single taxpayer shall not claim a credit for more  
4 than 25,000 plug-in traction battery pack units under this  
5 subdivision.

6 (d) For tax years beginning after December 31, 2013 and ending  
7 before January 1, 2015, \$375.00 for an equivalent of 4 kilowatt  
8 hours of battery capacity plus \$93.75 for each kilowatt hour of  
9 battery capacity in excess of 4 kilowatt hours not to exceed  
10 \$1,500.00 for each plug-in traction battery pack. The total number  
11 of traction battery packs shall not exceed 25,000 plug-in traction  
12 battery pack units under this subdivision, and the total amount of  
13 credits allowed under this subdivision shall not exceed  
14 \$9,000,000.00.

15 (3) ~~For~~ **BASED ON AGREEMENTS ENTERED INTO BEFORE JANUARY 1,**  
16 **2011, FOR** tax years that begin on or after January 1, 2012 and  
17 subject to the limitations of this subsection, a taxpayer may claim  
18 a credit of up to 75% of the qualified expenses for vehicle  
19 engineering in this state to support battery integration,  
20 prototyping, and launch expenses incurred for tax years that begin  
21 on or after January 1, 2009 and end before January 1, 2014. This  
22 credit shall not exceed \$15,000,000.00 per year as agreed to and  
23 certified by the Michigan economic growth authority. Any expenses  
24 for which a credit is claimed under this subsection shall not be  
25 included in costs and expenses used for credits available under  
26 sections 403 and 405. The Michigan economic growth authority may  
27 not authorize more than \$135,000,000.00 in total credits to all

1 taxpayers under this subsection. To claim the credit under this  
2 subsection, a taxpayer must manufacture a cumulative total of at  
3 least 1,000 motor vehicles that would qualify for the credit under  
4 section 30D of the internal revenue code and the credit shall be  
5 available to the taxpayer only for the following percentages of the  
6 total authorized annual expenses:

7 (a) In a tax year in which the taxpayer has manufactured a  
8 cumulative total of at least 1,000 motor vehicles and fewer than  
9 2,000 motor vehicles that qualify for the credit under section 30D  
10 of the internal revenue code, 20%.

11 (b) In a tax year in which the taxpayer has manufactured a  
12 cumulative total of at least 2,000 motor vehicles but fewer than  
13 3,000 motor vehicles that qualify for the credit under section 30D  
14 of the internal revenue code, 40%.

15 (c) In a tax year in which the taxpayer has manufactured a  
16 cumulative total of at least 3,000 motor vehicles but fewer than  
17 4,000 motor vehicles that qualify for the credit under section 30D  
18 of the internal revenue code, 60%.

19 (d) In a tax year in which the taxpayer has manufactured a  
20 cumulative total of at least 4,000 motor vehicles but fewer than  
21 5,000 motor vehicles that qualify for the credit under section 30D  
22 of the internal revenue code, 80%.

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

26 (4) For tax years that begin on or after January 1, 2012 and  
27 end before January 1, 2015, a taxpayer that has entered into an

1 agreement with the Michigan economic growth authority **BEFORE**  
2 **JANUARY 1, 2011** that provides that the taxpayer will increase its  
3 engineering activities in this state for advanced automotive  
4 battery technologies may claim a credit under this subsection. A  
5 taxpayer's qualified advanced battery engineering expenses for  
6 advanced automotive battery technologies shall exceed those  
7 expenses for the taxpayer's 2008 fiscal year to qualify for the  
8 credit under this subsection. The Michigan economic growth  
9 authority may enter into not more than 1 agreement for advanced  
10 battery engineering credits, and the total value of credits  
11 available under this subsection is limited to \$30,000,000.00. The  
12 credits under this subsection shall be allowed as follows:

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

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

23 (c) The credits available under this subsection shall not be  
24 allowed if the taxpayer claims credits under subsection (2) for  
25 battery pack assembly for the tax year. Notwithstanding this  
26 limitation, the credits available under this subsection are in  
27 addition to any other incentives which may be authorized under the

1 Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to  
2 207.810, for other related or unrelated projects including the  
3 vehicle research and development expenses authorized under  
4 subsection (3). Any expenses for which a credit is claimed under  
5 this subsection shall not be included in costs and expenses used  
6 for credits available under sections 403 and 405.

7 (5) A taxpayer that has entered into an agreement with the  
8 Michigan economic growth authority **BEFORE JANUARY 1, 2011** may claim  
9 a credit equal to 50% of the capital investment expenses for any  
10 tax year for the construction of an integrative cell manufacturing  
11 facility that includes anode and cathode manufacturing and cell  
12 assembly if the taxpayer will create not less than 300 new jobs in  
13 this state. Not more than 5 agreements may be entered into under  
14 this section, and the maximum allowable credit under each agreement  
15 shall not exceed \$25,000,000.00 per year for no more than 4 years.  
16 No credit shall be claimed in a tax year beginning before 2012.  
17 However, tax credits may be based on expenses incurred in this  
18 state in prior years. The Michigan economic growth authority shall  
19 not adopt a resolution authorizing an agreement to provide credits  
20 under this subsection after March 31, 2010.

21 (6) A taxpayer that has entered into an agreement with the  
22 Michigan economic growth authority **BEFORE JANUARY 1, 2011** may claim  
23 a credit equal to 25% of the capital investment expenses for any  
24 tax year for the construction of a facility that will produce large  
25 scale batteries and manufacture integrated power management, smart  
26 control, and storage systems from 500 kilowatts to 100 megawatts if  
27 the taxpayer will create not fewer than 500 new jobs in this state

1 and the taxpayer has received federal loan guarantees for a project  
2 that employs innovative energy efficiency, renewable energy, and  
3 advanced transmission and distribution technologies from the United  
4 States department of energy under section 1703 of title XVII of the  
5 energy policy act of 2005, 42 USC 16513. Not more than 1 agreement  
6 may be entered into under this subsection, and the maximum  
7 allowable credit under the agreement shall not exceed  
8 \$25,000,000.00 per year for no more than 4 years. No credit shall  
9 be claimed in a tax year beginning before 2012. The Michigan  
10 economic growth authority shall not adopt a resolution authorizing  
11 an agreement to provide a credit under this subsection after March  
12 1, 2010.

13 (7) Subject to the limitations under subsection (8), for tax  
14 years that begin on or after January 1, 2012 and end before January  
15 1, 2017, a taxpayer that has entered into an agreement with the  
16 Michigan economic growth authority **BEFORE JANUARY 1, 2011** that  
17 provides that the taxpayer will manufacture advanced lithium ion  
18 battery packs in this state may claim a credit against the tax  
19 imposed by this act for the manufacture of those advanced lithium  
20 ion battery packs as follows:

21 (a) For a taxpayer that agrees to make capital investments in  
22 this state of not less than \$250,000,000.00, to create at least  
23 1,000 new jobs that shall include jobs that are transferred to this  
24 state from a foreign country, and to manufacture not less than  
25 225,000 advanced lithium ion battery packs in this state, a total  
26 credit of not more than \$26,000,000.00 per tax year for no more  
27 than 3 tax years. The Michigan economic growth authority shall not



1 adopt a resolution authorizing an agreement under this subdivision  
2 after March 1, 2010.

3 (b) For a taxpayer that agrees to make capital investments in  
4 this state of not less than \$200,000,000.00 and to create at least  
5 300 new jobs, a total credit of not more than \$42,000,000.00 over 4  
6 consecutive tax years unless otherwise provided under subsection  
7 (10). Unless the Michigan economic growth authority determines that  
8 there are previously issued credits authorized under subsection (6)  
9 available or that there are credits available under subsection  
10 (7)(a) for additional credits under this subdivision, the Michigan  
11 economic growth authority shall not adopt a resolution authorizing  
12 an agreement under this subdivision after March 1, 2010.

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

1 to ~~the effective date of the amendatory act that added this~~  
2 ~~subsection~~ **JANUARY 8, 2010** as determined by the Michigan economic  
3 growth authority.

4 (9) Subject to the limitations of this subsection, **BEFORE**  
5 **JANUARY 1, 2011**, if the Michigan economic growth authority  
6 determines that there are previously issued credits authorized  
7 under subsection (6) available, then for tax years that begin on or  
8 after January 1, 2015 and end before January 1, 2017 a taxpayer may  
9 claim a credit of up to 75% of the costs incurred during each tax  
10 year that begins on or after January 1, 2013 and ends before  
11 January 1, 2016 to implement a sourcing program to utilize battery  
12 cells from a business that has entered into an agreement under  
13 subsection (5) for the construction of an integrative cell  
14 manufacturing facility. Costs eligible for the credit under this  
15 subsection shall include payments for battery pack and vehicle  
16 engineering and associated design or integration including  
17 prototyping, facility, equipment or component retooling, and  
18 vehicle regulatory certification and shall include costs such as  
19 direct labor, purchases of capital equipment at cost, expensed  
20 supplies, intellectual property licensing, services, and financing,  
21 as determined and certified by the Michigan economic growth  
22 authority. Any costs for which a credit is claimed under this  
23 subsection shall not be included in costs and expenses used for  
24 credits available under sections 403 and 405. The Michigan economic  
25 growth authority may enter into more than 1 agreement under this  
26 subsection. **THE MICHIGAN ECONOMIC GROWTH AUTHORITY SHALL NOT ENTER**  
27 **INTO AN AGREEMENT UNDER THIS SUBSECTION AFTER DECEMBER 31, 2010.**

1 The Michigan economic growth authority shall not authorize more  
2 than an amount equal to 25% of the previously issued credits  
3 available under subsection (6) as determined under subsection (10)  
4 in total credits to all taxpayers under this subsection. A single  
5 taxpayer shall not claim a credit of more than \$12,500,000.00 per  
6 year for no more than 2 years. To claim the credit under this  
7 subsection, a taxpayer must manufacture at least 10,000 motor  
8 vehicles in each year a credit is claimed at a facility in this  
9 state at which some of the costs eligible for a credit under this  
10 subsection are or were incurred. An agreement entered into under  
11 this subsection shall contain a repayment provision that if the  
12 taxpayer relocates its battery pack assembly facility for which  
13 credits are taken under subsection (7) outside of this state during  
14 the term of the agreement or subsequently substantially fails to  
15 meet the requirements of the agreement, as determined by the  
16 Michigan economic growth authority, the taxpayer shall have its  
17 credit reduced or terminated or have a percentage of the amount  
18 previously claimed under this subsection added back to the tax  
19 liability of the taxpayer in the year that the taxpayer fails to  
20 comply with the agreement.

21 (10) ~~IF~~ **BEFORE JANUARY 1, 2011, IF** the Michigan economic  
22 growth authority determines that there are previously issued  
23 credits authorized under subsection (6) available, an amount equal  
24 to 25% of those previously issued credits may be used by the  
25 authority to enter into agreements for which a credit may be  
26 claimed under subsection (9) and an amount equal to 25% of those  
27 previously issued credits may be used by the authority to enter

1 into additional agreements for which a credit may be claimed under  
2 subsection (7) (b). If the Michigan economic growth authority  
3 approves a total of less than \$78,000,000.00 in credits under  
4 subsection (7) (a), the Michigan economic growth authority may use  
5 the difference between \$78,000,000.00 and the total amount of  
6 credits approved under subsection (7) (a) to approve additional  
7 credits under subsection (7) (b). As used in this subsection and  
8 subsections (7) and (9), "previously issued credits" means the  
9 total amount of credits authorized by the authority for a taxpayer  
10 under subsection (6) that meets all of the following:

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

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

16 (11) The Michigan economic growth authority shall appoint a  
17 review board to advise it about decisions concerning credits under  
18 subsection (5). The review board shall be composed of not fewer  
19 than 2 independent scientists. Additional experts may be sought on  
20 an ad hoc basis to review business plans and addressable markets.  
21 In making its recommendations, the review board shall give  
22 preference to technologies presenting novel materials,  
23 manufacturing, and performance qualities. The review board shall  
24 also consider all of the following:

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

27 (b) Activities directly related to whole cell production, from

1 materials to large format cells, in Michigan.

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

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

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

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

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

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

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

3 (i) The location of the facility.

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

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

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

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

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

18 (i) The location of the facility.

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

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

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

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

26 (vi) 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 (6)  
4 added back to the tax liability of the taxpayer in the year that  
5 the taxpayer fails to comply with the agreement.

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

8 (i) A provision that the taxpayer agrees to make a good faith  
9 effort to utilize Michigan suppliers and vendors when purchasing  
10 components and services related to the production of advanced  
11 lithium ion battery packs for which a credit is claimed in the  
12 2012, 2013, and 2014 tax years. For a credit during the 2015 and  
13 2016 tax years, a provision that the taxpayer shall utilize cells  
14 from a business that has entered into an agreement under subsection  
15 (5) for the construction of an integrative cell manufacturing  
16 facility.

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

1 subsection (7) and shall have its credit terminated or reduced  
2 prospectively.

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

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

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

11 (14) A taxpayer shall not claim a credit under this section  
12 unless the Michigan economic growth authority has issued a  
13 certificate to the taxpayer. The taxpayer shall attach the  
14 certificate to the annual return filed under this act on which a  
15 credit under this section is claimed. The certificate required  
16 under this subsection shall state all of the following:

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

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

25 (c) If applicable, the number of plug-in traction battery pack  
26 units or advanced lithium ion battery pack units manufactured by  
27 the taxpayer during the designated tax year and the amount of the



1 credit under this section for which the taxpayer is allowed to  
2 claim for the designated tax year.

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

7 (15) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

24 (h) "Qualified expenses for vehicle engineering" means that  
25 part of a taxpayer's expenses for activities within this state  
26 related to integrating batteries into a motor vehicle that would  
27 qualify for the credit under section 30D of the internal revenue

1 code including such qualified research expenses as defined under  
2 section 41(b) of the internal revenue code.

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

5 Sec. 460. (1) For tax years that begin after December 31, 2008  
6 and end before January 1, ~~2012~~, 2011, subject to the limitations  
7 provided under this section, a taxpayer that is an owner of a  
8 service station may claim a credit against the tax imposed by this  
9 act equal to 30% of the cost incurred during the tax year to  
10 convert existing fuel delivery systems to provide E85 fuel or  
11 qualified biodiesel blends and to create new fuel delivery systems  
12 designed to provide E85 fuel or qualified biodiesel blends, not to  
13 exceed \$20,000.00 per tax year per taxpayer.

14 (2) In determining the amount of the credit under subsection  
15 (1), a taxpayer shall not include any costs to convert existing  
16 fuel delivery systems to provide E85 fuel or qualified biodiesel  
17 blends or to create new fuel delivery systems designed to provide  
18 E85 fuel or qualified biodiesel blends for which the taxpayer  
19 received a grant under the service station matching grant program  
20 created under section 78 of the Michigan strategic fund act, 1984  
21 PA 270, MCL 125.2078.

22 (3) The total amount of all credits allowed under this section  
23 shall not exceed \$1,000,000.00 per calendar year. If the credit  
24 allowed under this section exceeds the liability of the taxpayer  
25 for the tax year, that portion of the credit that exceeds the tax  
26 liability shall not be refunded.

27 (4) A taxpayer shall not claim a credit under this section

1 unless the energy office has issued a certificate to the taxpayer.  
2 The taxpayer shall attach the certificate to the annual return  
3 filed under this act on which the credit under this section is  
4 claimed. The certificate required by this subsection shall state  
5 all of the following:

6 (a) The taxpayer is the owner of a service station and has  
7 converted existing fuel delivery systems to provide E85 fuel or  
8 qualified biodiesel blends or created new fuel delivery systems  
9 designed to provide E85 fuel or qualified biodiesel blends, or  
10 both, during the tax year for which this credit is sought.

11 (b) The amount of the costs incurred by the taxpayer during  
12 the designated tax year to convert existing fuel delivery systems  
13 to provide E85 fuel or qualified biodiesel blends and to create new  
14 fuel delivery systems designed to provide E85 fuel or qualified  
15 biodiesel blends and the amount of any grant awarded during the  
16 designated tax year to the taxpayer based on the same costs.

17 (c) The taxpayer's federal employer identification number or  
18 the Michigan department of treasury number assigned to the  
19 taxpayer.

20 (5) A taxpayer that claims a credit under this section and  
21 subsequently stops using the fuel delivery systems to provide E85  
22 fuel or qualified biodiesel blends or within 3 years of receiving  
23 this credit may, as determined by the Michigan strategic fund, have  
24 its credit reduced or terminated or have a percentage of the credit  
25 amount previously claimed under this section added back to the tax  
26 liability of the taxpayer in the year that the taxpayer stops using  
27 the fuel delivery systems to provide E85 fuel or qualified

1 biodiesel blends.

2 (6) As used in this section:

3 (a) "Biodiesel" means a fuel composed of monoalkyl esters of  
4 long chain fatty acids derived from vegetable oils or animal fats,  
5 and, in accordance with standards specified by the American society  
6 for testing and materials, designated B100, and meeting the  
7 requirements of D-6751, as approved by the department of  
8 agriculture.

9 (b) "Biodiesel blend" means a fuel composed of a blend of  
10 biodiesel fuel with petroleum-based diesel fuel, suitable for use  
11 as a fuel in a compression-ignition internal combustion diesel  
12 engine.

13 (c) "E85 fuel" means a fuel blend containing between 70% and  
14 85% denatured fuel ethanol and gasoline suitable for use in a  
15 spark-ignition engine and that meets American society for testing  
16 and materials D-5798 specifications.

17 (d) "Michigan strategic fund" means the Michigan strategic  
18 fund as described in the Michigan strategic fund act, 1984 PA 270,  
19 MCL 125.2001 to 125.2094.

20 (e) "Qualified biodiesel blends" means any biodiesel blend  
21 that is blended on site utilizing on-demand bio-blending equipment  
22 that is installed after the effective date of the amendatory act  
23 that added this section.

24 Enacting section 1. This amendatory act does not take effect  
25 unless all of the following bills of the 95th Legislature are  
26 enacted into law:

27 (a) House Bill No. 5249.

1 (b) Senate Bill No. \_\_\_\_\_ or House Bill No. 6104 (request no.  
2 04275'09).

3 (c) Senate Bill No. \_\_\_\_\_ or House Bill No. 6103 (request no.  
4 05669'09).

5 (d) Senate Bill No. \_\_\_\_\_ or House Bill No. 6105 (request no.  
6 05670'09).

7 (e) Senate Bill No. \_\_\_\_\_ or House Bill No. 6106 (request no.  
8 05671'09).

9 (f) Senate Bill No. \_\_\_\_\_ or House Bill No. 6107 (request no.  
10 05672'09).

11 (g) Senate Bill No. \_\_\_\_\_ or House Bill No. 6112 (request no.  
12 05673'09).

13 (h) Senate Bill No. \_\_\_\_\_ or House Bill No. 6113 (request no.  
14 05675'09\*).

15 (i) Senate Bill No. \_\_\_\_\_ or House Bill No. 6109 (request no.  
16 05676'09).

17 (j) Senate Bill No. \_\_\_\_\_ or House Bill No. 6110 (request no.  
18 05677'09).

19 (k) Senate Bill No. \_\_\_\_\_ or House Bill No. 6116 (request no.  
20 05678'09).

21 (l) Senate Bill No. \_\_\_\_\_ or House Bill No. 6114 (request no.  
22 05679'09).

23 (m) Senate Bill No. \_\_\_\_\_ or House Bill No. 6117 (request no.  
24 05680'09).

25 (n) Senate Bill No. \_\_\_\_\_ or House Bill No. 6108 (request no.  
26 05681'09).

27 (o) Senate Bill No. \_\_\_\_\_ or House Bill No. 6119 (request no.

1 05930'10).

2 (p) Senate Bill No.\_\_\_\_ or House Bill No. 6111(request no.  
3 05931'10).

4 (q) Senate Bill No.\_\_\_\_ or House Bill No. 6118(request no.  
5 05933'10).