

HOUSE BILL No. 6096

September 17, 1992, Introduced by Reps. Barns and Kosteva and referred to the Committee on Economic, Development and Energy.

A bill to amend Act No. 281 of the Public Acts of 1967,
entitled

"Income tax act of 1967,"

as amended, being sections 206.1 to 206.532 of the Michigan
Compiled Laws, by adding section 265.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 281 of the Public Acts of 1967, as
2 amended, being sections 206.1 to 206.532 of the Michigan Compiled
3 Laws, is amended by adding section 265 to read as follows:

4 SEC. 265. (1) A TAXPAYER, OTHER THAN AN ESTATE OR A TRUST,
5 MAY CREDIT AGAINST THE TAX IMPOSED BY THIS ACT FOR THE TAX YEAR
6 THE AMOUNT PROVIDED BY THIS SECTION FOR QUALIFIED ENERGY CONSER-
7 VATION EXPENDITURES AND QUALIFIED RENEWABLE ENERGY SOURCE
8 EXPENDITURES.

1 (2) THE AMOUNT OF THE CREDIT ALLOWED BY THIS SECTION FOR
2 QUALIFIED ENERGY CONSERVATION EXPENDITURES IS 15% OF THE FIRST
3 \$2,000.00 OF QUALIFIED ENERGY CONSERVATION EXPENDITURES PAID BY
4 THE TAXPAYER IN THE TAX YEAR.

5 (3) THE AMOUNT OF CREDIT ALLOWED BY THIS SECTION FOR QUALI-
6 FIED RENEWABLE ENERGY SOURCE EXPENDITURES IS 40% OF THE FIRST
7 \$10,000.00 OF QUALIFIED RENEWABLE ENERGY SOURCE EXPENDITURES PAID
8 BY THE TAXPAYER IN THE TAX YEAR.

9 (4) A TAXPAYER WHO OWNS AND RESIDES IN A CONDOMINIUM LOCATED
10 IN THIS STATE AND WHO HAS QUALIFIED ENERGY CONSERVATION EXPENDI-
11 TURES OR QUALIFIED RENEWABLE ENERGY SOURCE EXPENDITURES FOR THE
12 CONDOMINIUM IS ELIGIBLE FOR THE CREDIT PROVIDED BY THIS SECTION
13 IN PROPORTION TO THE NUMBER OF HOUSEHOLDS THAT BENEFIT FROM THE
14 EXPENDITURES.

15 (5) ANY SUBSIDIZED ENERGY FINANCING SHALL BE SUBTRACTED FROM
16 QUALIFIED ENERGY CONSERVATION EXPENDITURES OR RENEWABLE ENERGY
17 SOURCE EXPENDITURES BEFORE CALCULATING THE CREDIT ALLOWED UNDER
18 THIS SECTION.

19 (6) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX
20 YEAR AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY THIS
21 SECTION EXCEEDS THE CLAIMANT'S TAX LIABILITY FOR THE TAX YEAR,
22 THAT PORTION THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR
23 SHALL NOT BE REFUNDED BUT MAY BE CARRIED FORWARD TO OFFSET TAX
24 LIABILITY IN THE 10 SUBSEQUENT TAX YEARS OR UNTIL USED UP, WHICH-
25 EVER OCCURS FIRST.

26 (7) A TAXPAYER SHALL FILE FOR QUALIFICATION OF ENERGY
27 CONSERVATION EXPENDITURES OR RENEWABLE ENERGY SOURCE EXPENDITURES

1 WITH THE DEPARTMENT ON A FORM PRESCRIBED BY THE DEPARTMENT NOT
2 LATER THAN 1 YEAR FOLLOWING THE DATE ON WHICH THOSE EXPENDITURES
3 WERE PAID. THE DEPARTMENT MAY GRANT AN EXTENSION FOR FILING UPON
4 A SHOWING OF GOOD CAUSE.

5 (8) THE DEPARTMENT SHALL PROVIDE A CERTIFICATE TO THE TAX-
6 PAYER, ON A FORM PROVIDED BY THE DEPARTMENT, IF THE ENERGY CON-
7 SERVATION EXPENDITURES OR RENEWABLE ENERGY SOURCE EXPENDITURES
8 QUALIFY UNDER THIS SECTION AND SHALL SPECIFY THE AMOUNT OF CREDIT
9 TO WHICH THE TAXPAYER IS ENTITLED. A COPY OF THE CERTIFICATE
10 SHALL BE ATTACHED TO THE RETURN FILED UNDER THIS ACT.

11 (9) IF A HUSBAND OR WIFE FILES A SEPARATE RETURN, THE CREDIT
12 MAY BE TAKEN BY EITHER OR EQUALLY DIVIDED BETWEEN THEM.

13 (10) THE DEPARTMENT SHALL PROMULGATE RULES PURSUANT TO THE
14 ADMINISTRATIVE PROCEDURES ACT OF 1969, ACT NO. 306 OF THE PUBLIC
15 ACTS OF 1969, BEING SECTIONS 24.201 TO 24.328 OF THE MICHIGAN
16 COMPILED LAWS, TO IMPLEMENT THIS SECTION AND ESTABLISH PER-
17 FORMANCE AND QUALITY STANDARDS AND OTHER STANDARDS FOR QUALIFIED
18 ENERGY CONSERVATION EXPENDITURES AND QUALIFIED RENEWABLE ENERGY
19 SOURCE EXPENDITURES.

20 (11) AS USED IN THIS SECTION:

21 (A) "CERTAIN LABOR AND OTHER COSTS" MEANS EXPENDITURES FOR
22 LABOR COSTS PROPERLY ALLOCABLE TO THE ON-SITE PREPARATION, ASSEM-
23 BLY, OR ORIGINAL INSTALLATION OF RENEWABLE ENERGY SOURCE PROPERTY
24 OR EXPENDITURES FOR AN ON-SITE WELL DRILLED FOR ANY GEOTHERMAL
25 DEPOSIT.

26 (B) "DEPARTMENT" MEANS THE DEPARTMENT OF COMMERCE.

1 (C) "GEOTHERMAL DEPOSIT" MEANS THAT TERM AS DEFINED IN
2 SECTION 613 OF THE INTERNAL REVENUE CODE.

3 (D) "INSULATION" MEANS AN ITEM, SPECIFICALLY AND PRIMARILY
4 DESIGNED TO REDUCE THE HEAT LOSS OR GAIN OF A DWELLING OR WATER
5 HEATER IF INSTALLED IN OR ON THE DWELLING OR WATER HEATER, THE
6 ORIGINAL USE OF WHICH BEGINS WITH THE TAXPAYER, THAT IS REASON-
7 ABLY EXPECTED TO REMAIN IN OPERATION FOR AT LEAST 3 YEARS, AND
8 THAT MEETS THE PERFORMANCE AND QUALITY STANDARDS DEVELOPED PURSU-
9 ANT TO SUBSECTION (10) THAT ARE IN EFFECT AT THE TIME THE ITEM IS
10 ACQUIRED.

11 (E) "OTHER ENERGY CONSERVING COMPONENT" MEANS AN ITEM, OTHER
12 THAN INSULATION, THE ORIGINAL USE OF WHICH BEGINS WITH THE TAX-
13 PAYER, THAT IS REASONABLY EXPECTED TO REMAIN IN OPERATION FOR AT
14 LEAST 3 YEARS, THAT MEETS THE PERFORMANCE AND QUALITY STANDARDS
15 DEVELOPED PURSUANT TO SUBSECTION (10) THAT ARE IN EFFECT AT THE
16 TIME THE ITEM IS ACQUIRED, AND IS 1 OF THE FOLLOWING:

17 (i) A FURNACE REPLACEMENT BURNER DESIGNED TO ACHIEVE A
18 REDUCTION IN THE AMOUNT OF FUEL CONSUMED AS A RESULT OF INCREASED
19 COMBUSTION EFFICIENCY.

20 (ii) A DEVICE FOR MODIFYING A FLUE OPENING DESIGNED TO
21 INCREASE THE OPERATING EFFICIENCY OF THE HEATING SYSTEM.

22 (iii) AN ELECTRICAL OR MECHANICAL FURNACE IGNITION SYSTEM
23 THAT REPLACES A GAS PILOT LIGHT.

24 (iv) A STORM OR THERMAL WINDOW OR DOOR FOR THE EXTERIOR OF A
25 DWELLING.

26 (v) AN AUTOMATIC ENERGY SAVING SETBACK THERMOSTAT.

1 (vi) CAULKING OR WEATHERSTRIPPING OF AN EXTERIOR DOOR OR
2 WINDOW.

3 (vii) A METER THAT DISPLAYS THE COST OF ENERGY USAGE.

4 (viii) ANY OTHER SIMILAR ITEM THAT THE DEPARTMENT SPECIFIES
5 BY RULE AS INCREASING THE ENERGY EFFICIENCY OF A DWELLING.

6 (F) "QUALIFIED ENERGY CONSERVATION EXPENDITURES" MEANS
7 EXPENDITURES MADE ON OR AFTER JANUARY 1, 1991 FOR INSULATION OR
8 ANY OTHER ENERGY CONSERVING COMPONENT INSTALLED IN OR ON THE
9 TAXPAYER'S PRINCIPAL RESIDENCE LOCATED IN THIS STATE OR A BUILD-
10 ING, LOCATED IN THIS STATE, OWNED BY THE TAXPAYER AND RENTED OR
11 LEASED FOR THE PURPOSE OF PROVIDING A DOMICILE.

12 (G) "QUALIFIED RENEWABLE ENERGY SOURCE EXPENDITURES" MEANS
13 EXPENDITURES MADE ON OR AFTER JANUARY 1, 1991 FOR THE INSTALLA-
14 TION AND CERTAIN LABOR AND OTHER COSTS FOR RENEWABLE ENERGY
15 SOURCE PROPERTY INSTALLED IN CONNECTION WITH THE TAXPAYER'S PRIN-
16 CIPAL RESIDENCE LOCATED IN THIS STATE OR A BUILDING, LOCATED IN
17 THIS STATE, OWNED BY THE TAXPAYER AND RENTED OR LEASED FOR THE
18 PURPOSE OF PROVIDING A DOMICILE, OR FOR BOTH AND INCLUDES EXPEN-
19 DITURES FOR EITHER OF THE FOLLOWING:

20 (i) A SWIMMING POOL OR OTHER DEVICE USED AS AN ENERGY STOR-
21 AGE MEDIUM IF THE PRIMARY FUNCTION OF THE SWIMMING POOL OR OTHER
22 DEVICE IS HEAT STORAGE.

23 (ii) SOLAR PANELS INSTALLED AS A STRUCTURAL COMPONENT OF A
24 DWELLING OR OTHERWISE FOR THE BENEFIT OF THE STRUCTURE.

25 (H) "RENEWABLE ENERGY SOURCE PROPERTY" MEANS PROPERTY THAT,
26 WHEN INSTALLED IN CONNECTION WITH A DWELLING, TRANSMITS OR USES
27 EITHER OF THE FOLLOWING:

1 (i) SOLAR ENERGY, ENERGY DERIVED FROM A GEOTHERMAL DEPOSIT,
2 OR ANY OTHER FORM OF RENEWABLE ENERGY IF THE DEPARTMENT DETER-
3 MINES THAT THE PURPOSE OF THE PROPERTY IS TO HEAT OR COOL THE
4 DWELLING OR PROVIDE HOT WATER OR ELECTRICITY FOR USE IN THE
5 DWELLING.

6 (ii) WIND ENERGY FOR RESIDENTIAL PURPOSES IF THE ORIGINAL
7 USE BEGINS WITH THE TAXPAYER, THE PROPERTY IS REASONABLY EXPECTED
8 TO REMAIN IN OPERATION FOR AT LEAST 5 YEARS, AND THE PROPERTY
9 MEETS THE PERFORMANCE AND QUALITY STANDARDS DEVELOPED PURSUANT TO
10 SUBSECTION (10) THAT ARE IN EFFECT AT THE TIME THE PROPERTY IS
11 ACQUIRED.

12 (1) "SUBSIDIZED ENERGY FINANCING" MEANS FINANCING PROVIDED
13 UNDER A FEDERAL, STATE, OR LOCAL PROGRAM, THE PRINCIPAL PURPOSE
14 OF WHICH IS TO PROVIDE SUBSIDIZED FINANCING FOR PROJECTS DESIGNED
15 TO CONSERVE OR PRODUCE ENERGY.