

# Legislative Analysis

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## **PHOTOVOLTAIC TECHNOLOGY CREDIT: EXTEND DEADLINE FOR MEGA AGREEMENTS**

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**House Bill 6730 without amendment**

**Sponsor: Rep. Ed Clemente**

**Committee: Tax Policy**

**Complete to 12-4-08**

### **A SUMMARY OF HOUSE BILL 6730 AS REPORTED FROM COMMITTEE**

The Michigan Business Tax Act made a tax credit available during 2008 for a firm that proposed to construct and operate a new facility in Michigan for development and manufacturing of photovoltaic energy, photovoltaic systems, or similar technology. The credit was only available for a firm that had entered into an agreement with the Michigan Economic Growth Authority and met certain specified conditions. Currently, the act does not allow MEGA to enter such agreements after November 1, 2008. House Bill 6730 would extend that deadline to June 1, 2009.

The tax credit is equal to 50 percent of the capital investment made by the firm in the facility in the tax year. It is to be taken over two years in two equal installments. The credit is refundable, meaning that if in any year it exceeds the firm's tax liability, the excess amount is to be refunded to the firm. The total number of all such credits in all tax years cannot exceed \$25 million.

MCL 208.1430

### **FISCAL IMPACT:**

Because the total amount of all the credits is capped at \$25 million, delaying the time frame for MEGA to enter into agreements would have no net fiscal impact. It could, however, change the timing of the credits (by delaying them until the 2010 tax year) and therefore alter the stream of MBT revenue.

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