

SUBSTITUTE FOR
HOUSE BILL NO. 5898

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
(MCL 208.1101 to 208.1601) by adding section 430.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 430. (1) EXCEPT AS OTHERWISE PROVIDED UNDER SUBSECTIONS
2 (4) AND (5), FOR TAX YEARS THAT BEGIN ON OR AFTER JANUARY 1, 2009,
3 A TAXPAYER THAT IS ENGAGED IN THE RESEARCH, DEVELOPMENT, OR
4 MANUFACTURING OF PHOTOVOLTAIC ENERGY, PHOTOVOLTAIC SYSTEMS, AND
5 OTHER PHOTOVOLTAIC TECHNOLOGY MAY CLAIM A CREDIT AGAINST THE TAX
6 IMPOSED BY THIS ACT EQUAL TO THE GREATER OF EITHER OF THE
7 FOLLOWING:

8 (A) 50% OF THE CAPITAL INVESTMENTS MADE BY THE TAXPAYER IN THE
9 RESEARCH, DEVELOPMENT, OR MANUFACTURING OF PHOTOVOLTAIC ENERGY,

1 PHOTOVOLTAIC SYSTEMS, AND OTHER PHOTOVOLTAIC TECHNOLOGY IN THIS
2 STATE DURING THE TAX YEAR.

3 (B) 50% OF THE TAXPAYER'S EXPENSES INCURRED IN THIS STATE
4 DURING THE TAX YEAR FOR RESEARCH AND DEVELOPMENT.

5 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX
6 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION THAT
7 EXCEEDS THE TAX LIABILITY IS REFUNDABLE.

8 (3) A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION IS NOT
9 PROHIBITED FROM CLAIMING A CREDIT UNDER SECTION 405. HOWEVER, THE
10 TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION AND SECTION
11 405 BASED ON THE SAME RESEARCH AND DEVELOPMENT EXPENSES OR CAPITAL
12 INVESTMENTS.

13 (4) A TAXPAYER THAT HAS ENTERED INTO AN AGREEMENT WITH THE
14 MICHIGAN ECONOMIC GROWTH AUTHORITY FOR A CREDIT UNDER SECTIONS 432
15 THROUGH 432D IS NOT ELIGIBLE FOR THE CREDIT UNDER THIS SECTION.

16 (5) THE TOTAL OF ALL CREDITS ALLOWED UNDER THIS SECTION FOR A
17 TAX YEAR SHALL NOT EXCEED \$100.00.

18 (6) AS USED IN THIS SECTION:

19 (A) "CAPITAL INVESTMENT" MEANS THE COST, INCLUDING FABRICATION
20 AND INSTALLATION, PAID OR ACCRUED IN THE TAXABLE YEAR OF PROPERTY
21 OF A TYPE THAT IS, OR UNDER THE INTERNAL REVENUE CODE WILL BECOME,
22 ELIGIBLE FOR DEPRECIATION, AMORTIZATION, OR ACCELERATED CAPITAL
23 COST RECOVERY FOR FEDERAL INCOME TAX PURPOSES, PROVIDED THAT THE
24 PROPERTY IS PHYSICALLY LOCATED IN THIS STATE FOR USE IN A BUSINESS
25 ACTIVITY IN THIS STATE.

26 (B) "PHOTOVOLTAIC CELLS" MEAN AN INTEGRATED DEVICE CONSISTING
27 OF LAYERS OF SEMICONDUCTOR MATERIALS AND ELECTRIC CONTRACTS CAPABLE

1 OF CONVERTING INCIDENT LIGHT DIRECTLY INTO ELECTRICITY.

2 (C) "PHOTOVOLTAIC ENERGY" MEANS SOLAR ENERGY.

3 (D) "PHOTOVOLTAIC MODULES" MEAN AN ASSEMBLY OF INTERCONNECTED
4 PHOTOVOLTAIC CELLS.

5 (E) "PHOTOVOLTAIC SYSTEMS" MEAN SOLAR ENERGY DEVICES COMPOSED
6 OF 1 OR MORE PHOTOVOLTAIC CELLS OR PHOTOVOLTAIC MODULES, AND
7 INVERTER OR OTHER POWER CONDITIONING UNIT OR PHOTOVOLTAIC
8 TECHNOLOGY DESIGNED TO DELIVER POWER OF A SELECTED CURRENT AND
9 VOLTAGE, WIRES, AND OTHER ELECTRICAL CONNECTORS IN ORDER TO
10 GENERATE ELECTRICITY, HEAT OR COOL A RESIDENTIAL STRUCTURE, PROVIDE
11 HOT WATER FOR USE IN A RESIDENTIAL STRUCTURE, OR PROVIDE SOLAR
12 PROCESS HEAT. BATTERIES FOR POWER STORAGE MAY ALSO BE INCLUDED IN
13 PHOTOVOLTAIC SYSTEMS.

14 (F) "PHOTOVOLTAIC TECHNOLOGY" MEANS SOLAR POWER TECHNOLOGY
15 THAT USES PHOTOVOLTAIC CELLS AND MODULES TO CONVERT LIGHT FROM THE
16 SUN DIRECTLY INTO ELECTRICITY. PHOTOVOLTAIC TECHNOLOGY INCLUDES
17 EQUIPMENT, COMPONENT PARTS, MATERIALS, ELECTRONIC DEVICES, TESTING
18 EQUIPMENT, AND OTHER RELATED SYSTEMS THAT ARE SPECIFICALLY DESIGNED
19 OR FABRICATED AND USED PRIMARILY FOR 1 OR MORE OF THE FOLLOWING:

20 (i) THE STORAGE, GENERATION, REFORMATION, OR DISTRIBUTION OF
21 CLEAN FUELS INTEGRATED WITHIN A PHOTOVOLTAIC SYSTEM.

22 (ii) THE PROCESS OF UTILIZING PHOTOVOLTAIC ENERGY TO GENERATE
23 ELECTRICITY FOR USE BY CONSUMERS.

24 (G) "PROPERTY" MEANS SECTION 1245 PROPERTY AND SECTION 1250
25 PROPERTY AS THOSE TERMS ARE DEFINED IN SECTIONS 1245 AND 1250 OF
26 THE INTERNAL REVENUE CODE.

27 (H) "RESEARCH AND DEVELOPMENT" MEANS QUALIFIED RESEARCH AS

1 THAT TERM IS DEFINED IN SECTION 41(D) OF THE INTERNAL REVENUE CODE.

2 Enacting section 1. This amendatory act does not take effect
3 unless House Bill No. 5524 of the 94th Legislature is enacted into
4 law.