

# HOUSE BILL No. 5604

January 9, 2008, Introduced by Rep. Opsommer and referred to the Committee on Tax Policy.

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
(MCL 208.1101 to 208.1601) by adding section 453.

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

1           SEC. 453. (1) A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX  
2 IMPOSED BY THIS ACT EQUAL TO THE COST OF PURCHASING, LEASING, OR  
3 CONSTRUCTING CARBON DIOXIDE CAPTURE MACHINERY, EQUIPMENT, OR  
4 PIPELINE INFRASTRUCTURE AND THE COST OF MATERIALS USED IN  
5 PREPARING, MAINTAINING, OR CAPPING A CARBON DIOXIDE INJECTION WELL  
6 INCURRED DURING THE TAX YEAR FOR WHICH THE CREDIT UNDER THIS  
7 SECTION IS CLAIMED.

1           (2) A TAXPAYER THAT CLAIMS THE CREDIT UNDER THIS SECTION SHALL  
2 VERIFY ON A FORM AS PROVIDED BY THE DEPARTMENT OR IN A FORMAT AS  
3 PRESCRIBED BY THE DEPARTMENT THAT THE ACTUAL EXPENSES INCURRED FOR  
4 PURCHASING, LEASING, OR CONSTRUCTING CARBON DIOXIDE CAPTURE  
5 MACHINERY, EQUIPMENT, OR PIPELINE INFRASTRUCTURE AND PREPARING,  
6 MAINTAINING, OR CAPPING A CARBON DIOXIDE INJECTION WELL ARE THE  
7 SAME COSTS CLAIMED AND USED TO CALCULATE THE CREDIT UNDER THIS  
8 SECTION. THE TAXPAYER SHALL ATTACH THE VERIFICATION TO ITS ANNUAL  
9 RETURN UNDER THIS ACT FOR THE TAX YEAR IN WHICH THE CREDIT UNDER  
10 THIS SECTION IS CLAIMED.

11           (3) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION AND  
12 ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY THIS SECTION  
13 EXCEEDS MORE THAN 50% OF THE TAX LIABILITY OF THE TAXPAYER FOR THE  
14 TAX YEAR, THAT PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY  
15 BY MORE THAN 50% SHALL NOT BE REFUNDED BUT MAY BE CARRIED FORWARD  
16 FOR 1 YEAR ONLY TO OFFSET TAX LIABILITY IN THE NEXT TAX YEAR.

17           (4) AS USED IN THIS SECTION:

18           (A) "CARBON DIOXIDE CAPTURE MACHINERY, EQUIPMENT, OR PIPELINE  
19 INFRASTRUCTURE" MEANS A CARBON DIOXIDE INJECTION WELL AND ANY OTHER  
20 MACHINERY, EQUIPMENT, OR PIPELINE INFRASTRUCTURE USED TO CAPTURE,  
21 STORE, OR TRANSPORT CARBON DIOXIDE CAPTURED FROM ELECTRIC POWER  
22 GENERATION OR FROM INDUSTRIAL AND OTHER ANTHROPOGENIC SOURCES FOR  
23 THE PURPOSE OF CARBON SEQUESTRATION WITH OR WITHOUT ENHANCED OIL,  
24 GAS, OR OTHER HYDROCARBON RECOVERY.

25           (B) "CARBON DIOXIDE INJECTION WELL" MEANS A WELL USED FOR  
26 INJECTION OF CARBON DIOXIDE INTO GEOLOGIC FORMATIONS FOR PERMANENT  
27 STORAGE OR A WELL REGULATED UNDER PART 615 OF THE NATURAL RESOURCES

1 AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.61501 TO  
2 324.61527, IN WHICH CARBON DIOXIDE IS INJECTED FOR THE PURPOSE OF  
3 ENHANCING THE RECOVERY OF OIL, GAS, OR OTHER HYDROCARBON.