



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 777 (as introduced 8-27-09)
Sponsor: Senator Tony Stamas
Committee: Commerce and Tourism

Date Completed: 9-8-09

CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to allow a taxpayer to claim a credit of up to \$25.0 million for up to four years, for a portion of capital investment expenses in a facility that would produce large scale batteries and manufacture certain energy storage systems.

Specifically, the bill would allow a taxpayer to enter into an agreement with the Michigan Economic Growth Authority (MEGA) to claim an MBT credit equal to 25% of the capital investment expenses for any tax year for the construction of a facility that would produce large scale batteries and manufacture integrated power management, smart control, and storage systems from 500 kilowatts to 100 megawatts, if the taxpayer would create at least 500 new jobs in Michigan each year for four years.

Not more than one agreement could be entered into under the bill, and the maximum allowable credit could not exceed \$25.0 million per year for up to four years. No credit could be claimed in a tax year beginning before 2012. The Authority could not adopt a resolution authorizing an agreement to provide a credit under the bill after November 1, 2009.

If a taxpayer claimed a credit under the bill, its agreement with MEGA would have to specify all of the following:

- The location of the facility.
- The estimated total cost of the facility.
- The capital investment expenses that qualified for the MBT credit.
- The annual and total dollar amount of the credit that could be claimed.
- The minimum number of new jobs to be created in Michigan each year to qualify for the credit.

MCL 208.1434

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would create a refundable tax credit against the Michigan Business Tax totaling no more than \$25.0 million per year for up to four years, for a maximum cost of \$100.0 million. The credit could not be claimed prior to 2012. This loss in Michigan Business Tax revenue would reduce the General Fund. The bill would have no direct impact on local governments.

Fiscal Analyst: Jay Wortley

S0910\777sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.