

Legislative Analysis



ETHANOL FUEL DEALER CREDITS

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Senate Bill 814 as passed by the Senate
Sponsor: Sen. Kevin Daley
House Committee: Tax Policy
Senate Committee: Agriculture
Complete to 9-20-22

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 814 would amend the Income Tax Act to create a refundable individual income tax credit and corporate income tax credit for *retail dealers* that sell certain fuels. The credit would be equal to \$0.05 per gallon of *E15 fuel* and \$0.085 per gallon of *E85 fuel* sold and dispensed at the dealer's motor fuel site during the tax year. For a taxpayer that is a member of a flow-through entity that qualifies for the credit, the credit would be determined based on the taxpayer's distributive share of the business income reported by the flow-through entity or by an alternative method approved by the Department of Treasury. The credits would be available for the tax years beginning on and after January 1, 2023 through December 31, 2027.

Retail dealer would mean the person who sells motor fuel to the end user of the fuel.

E15 fuel would mean gasoline blended with more than 10% of ethanol but not more than 15% of ethanol by volume.

E85 fuel would mean a high-level ethanol-gasoline blend containing more than 50% of ethanol but not more than 83% of ethanol by volume and that is suitable for use in flexible fuel vehicles.

Proposed MCL 206.277 and 206.577

FISCAL IMPACT:

As written, SB 814 would reduce income tax revenue by an estimated \$2.0 million to \$4.0 million on a full fiscal year basis. Because the credits are refundable, the impact would reduce general fund revenue and the School Aid Fund would not be affected.

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