

SENATE BILL NO. 557

June 17, 2021, Introduced by Senator SCHMIDT and referred to the Committee on Economic and Small Business Development.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding section 675.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 675. (1) For tax years that begin on and after January 1,**
2 **2022, a taxpayer that incurs allowable costs attributable to an**
3 **eligible project may claim a credit against the tax imposed under**
4 **this part equal to the following percentages of those allowable**
5 **costs:**

6 **(a) 3% for an eligible project that receives a Silver LEED**

1 certification from the USGBC.

2 (b) 5% for an eligible project that receives a Gold LEED
3 certification from the USGBC.

4 (c) 7% for an eligible project that receives a Platinum LEED
5 certification from the USGBC.

6 (2) To be eligible for a credit under this section, the
7 taxpayer shall obtain an eligibility certificate from the
8 commission based on the submission of evidence from the USGBC of
9 the LEED certification rating for the eligible project and submit
10 documentation of allowable costs in the form and manner as
11 prescribed by the department. The taxpayer shall attach the
12 eligibility certificate received from the commission that provides
13 the LEED certification rating and the amount of the credit approved
14 to the annual return on which a credit under this section is
15 claimed.

16 (3) The total amount of credits allowed under this section
17 shall not exceed \$30,000,000.00 each fiscal year. For each fiscal
18 year, the commission shall approve and certify credits based on the
19 date of the eligibility certificate. The certification of any
20 credit for an eligible project that is deferred due to the cap
21 under this subsection shall be approved and certified for the
22 immediately succeeding tax year.

23 (4) If the credit allowed under this section for the tax year
24 and any unused carryforward of the credit allowed by this section
25 exceed the taxpayer's tax liability for the tax year, that portion
26 that exceeds the tax liability for the tax year shall not be
27 refunded but may be carried forward to offset tax liability in
28 subsequent tax years for 3 years or until used up, whichever occurs
29 first.

1 (5) As used in this section:

2 (a) "Allowable costs" means the following amounts expended for
3 an eligible project, including, but not limited to:

4 (i) Construction or rehabilitation costs.

5 (ii) Commissioning costs.

6 (iii) Architectural and engineering fees allocable to the
7 eligible project, including energy modeling and certification fees.
8 However, allowable costs does not include costs incurred to
9 purchase the real property, any remediation costs, or any costs
10 attributable to telephone systems or computers.

11 (iv) Site costs, such as temporary electric wiring,
12 scaffolding, demolition costs, and fencing and security facilities.

13 (v) Costs of carpeting, partitions, walls and wall coverings,
14 ceilings, lighting, plumbing, electrical wiring, heating, cooling,
15 ventilation, and mechanical costs. Allowable costs does not include
16 the purchase of real property, any remediation costs, or any costs
17 attributable to telephone systems or computers.

18 (b) "Commission" means the state tax commission created within
19 the department

20 (c) "Eligible project" means the construction or renovation of
21 a commercial building in this state that earns LEED certification
22 from the USGBC under the LEED green building rating system at the
23 silver or higher level or other green building certification
24 determined by the commission to be equivalent with respect to
25 climate mitigation outcomes.

26 (d) "LEED certification" means the Leadership in Energy and
27 Environmental Design certification level assigned under the LEED
28 green building rating system.

29 (e) "LEED green building rating system" means the Leadership

1 in Energy and Environmental Design green building rating system
2 developed by the USGBC as of the date that the eligible project is
3 registered with the USGBC.

4 (f) "USGBC" means the United States Green Building Council,
5 which measures and evaluates the energy and environmental
6 performance of a building according to its own Leadership in Energy
7 and Environmental Design rating system.