

# HOUSE BILL NO. 4847

June 27, 2023, Introduced by Reps. Fitzgerald, Grant, Conlin, Neyer and Miller and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.847) by adding sections 277a and 677a.

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

1           **Sec. 277a. (1) Subject to subsection (4), for tax years**  
2 **beginning on and after January 1, 2024 through December 31, 2029, a**  
3 **taxpayer who is a retail dealer may claim a credit against the tax**  
4 **imposed by this part equal to the sum of the following:**  
5           **(a) \$0.02 per gallon of B5+ fuel that the retail dealer sells**

1 and dispenses through metered pumps at the retail dealer's motor  
2 fuel site during the tax year.

3 (b) \$0.05 per gallon of B11+ fuel that the retail dealer sells  
4 and dispenses through metered pumps at the retail dealer's motor  
5 fuel site during the tax year.

6 (2) Subject to the limitation under this subsection, for tax  
7 years beginning on and after January 1, 2024 through December 31,  
8 2029, a taxpayer who is a biodiesel producer in this state may  
9 claim a credit against the tax imposed by this part equal to \$0.02  
10 per gallon of biodiesel produced in this state during the tax year.  
11 The aggregate amount of credits allowed under this subsection and  
12 section 677a(2) during a tax year shall not exceed \$2,000,000.00.  
13 If the aggregate amount of credits claimed under this subsection  
14 and 677a(2) exceeds the cap, the amount of the credit allowed for  
15 each taxpayer is limited to the taxpayer's pro rata share. The  
16 taxpayer's pro rata share shall be the aggregate amount of the  
17 credit allowed multiplied by a fraction the numerator of which is  
18 the amount of credit claimed by the taxpayer under this subsection  
19 for that tax year and the denominator of which is the sum of the  
20 credits claimed by all taxpayers under this subsection and 677a(2)  
21 for that tax year.

22 (3) For a taxpayer who is a member of a flow-through entity  
23 that qualifies for the credit under this section, that taxpayer may  
24 claim a credit against the member's tax liability under this part  
25 based on the member's distributive share of business income  
26 reported from that flow-through entity or an alternative method  
27 approved by the department.

28 (4) The aggregate amount of credits allowed under subsection  
29 (1) and section 677a(1) during a tax year shall not exceed

1 \$16,000,000.00. If the aggregate amount of credits claimed under  
2 subsection (1) and 677a(1) exceeds the cap, the amount of the  
3 credit allowed for each taxpayer is limited to the taxpayer's pro  
4 rata share. The taxpayer's pro rata share shall be the aggregate  
5 amount of the credit allowed multiplied by a fraction the numerator  
6 of which is the amount of credit claimed by the taxpayer under  
7 subsection (1) for that tax year and the denominator of which is  
8 the sum of the credits claimed by all taxpayers under subsection  
9 (1) and 677a(1) for that tax year.

10 (5) If the credit allowed under this section for the tax year  
11 exceeds the tax liability of the taxpayer for the tax year, that  
12 portion of the credit that exceeds the tax liability shall be  
13 refunded.

14 (6) As used in this section:

15 (a) "ASTM" means the American Section of the International  
16 Association for Testing Materials.

17 (b) "B5+ fuel" means a biodiesel blend containing at least 5%  
18 biodiesel, but not more than 10% biodiesel that meets the ASTM  
19 international standard D975 or D7467, whichever is applicable.

20 (c) "B11+ fuel" means a biodiesel blend containing more than  
21 10% biodiesel that meets the ASTM international standard D7467.

22 (d) "Biodiesel" means a diesel fuel substitute consisting of  
23 methyl or ethyl esters produced from the transesterification of  
24 animal or vegetable fats with methanol or ethanol that meets the  
25 ASTM international standard D6751.

26 (e) "Biodiesel blend" means a blended motor fuel comprised of  
27 a blend of biodiesel fuel with petroleum-based diesel fuel,  
28 suitable for use as a fuel in a compression-ignition internal  
29 combustion diesel engine.

1 (f) "Blended motor fuel" and "diesel fuel" mean those terms as  
2 defined in section 2 of the motor fuel tax act, 2000 PA 403, MCL  
3 207.1002.

4 (g) "Motor fuel" means that term as defined in section 4 of  
5 the motor fuel tax act, 2000 PA 403, MCL 207.1004.

6 (h) "Motor fuel site" means an establishment at which motor  
7 fuel is sold or offered for sale to the public.

8 (i) "Retail dealer" means the ultimate vendor as that term is  
9 defined in section 6 of the motor fuel tax act, 2000 PA 403, MCL  
10 207.1006.

11 Sec. 677a. (1) Subject to subsection (3), for tax years  
12 beginning on and after January 1, 2024 through December 31, 2029, a  
13 taxpayer who is a retail dealer may claim a credit against the tax  
14 imposed by this part equal to the sum of the following:

15 (a) \$0.02 per gallon of B5+ fuel that the retail dealer sells  
16 and dispenses through metered pumps at the retail dealer's motor  
17 fuel site during the tax year.

18 (b) \$0.05 per gallon of B11+ fuel that the retail dealer sells  
19 and dispenses through metered pumps at the retail dealer's motor  
20 fuel site during the tax year.

21 (2) Subject to the limitation under this subsection, for tax  
22 years beginning on and after January 1, 2024 through December 31,  
23 2029, a taxpayer who is a biodiesel producer in this state may  
24 claim a credit against the tax imposed by this part equal to \$0.02  
25 per gallon of biodiesel produced in this state during the tax year.  
26 The aggregate amount of credits allowed under this subsection and  
27 section 277a(2) during a tax year shall not exceed \$2,000,000.00.  
28 If the aggregate amount of credits claimed under this subsection  
29 and 277a(2) exceeds the cap, the amount of the credit allowed for

1 each taxpayer is limited to the taxpayer's pro rata share. The  
2 taxpayer's pro rata share shall be the aggregate amount of the  
3 credit allowed multiplied by a fraction the numerator of which is  
4 the amount of credit claimed by the taxpayer under this subsection  
5 for that tax year and the denominator of which is the sum of the  
6 credits claimed by all taxpayers under this subsection and 277a(2)  
7 for that tax year.

8 (3) The aggregate amount of credits allowed under subsection  
9 (1) and section 277a(1) during a tax year shall not exceed  
10 \$16,000,000.00. If the aggregate amount of credits claimed under  
11 subsection (1) and 277a(1) exceeds the cap, the amount of the  
12 credit allowed for each taxpayer is limited to the taxpayer's pro  
13 rata share. The taxpayer's pro rata share shall be the aggregate  
14 amount of the credit allowed multiplied by a fraction the numerator  
15 of which is the amount of credit claimed by the taxpayer under  
16 subsection (1) for that tax year and the denominator of which is  
17 the sum of the credits claimed by all taxpayers under subsection  
18 (1) and 277a(1) for that tax year.

19 (4) If the credit allowed under this section for the tax year  
20 exceeds the tax liability of the taxpayer for the tax year, that  
21 portion of the credit that exceeds the tax liability shall be  
22 refunded.

23 (5) As used in this section:

24 (a) "ASTM" means the American Section of the International  
25 Association for Testing Materials.

26 (b) "B5+ fuel" means a biodiesel blend containing at least 5%  
27 biodiesel, but not more than 10% biodiesel that meets the ASTM  
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1 10% biodiesel that meets the ASTM international standard D7467.

2 (d) "Biodiesel" means a diesel fuel substitute consisting of  
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4 animal or vegetable fats with methanol or ethanol that meets the  
5 ASTM international standard D6751.

6 (e) "Biodiesel blend" means a blended motor fuel comprised of  
7 a blend of biodiesel fuel with petroleum-based diesel fuel,  
8 suitable for use as a fuel in a compression-ignition internal  
9 combustion diesel engine.

10 (f) "Blended motor fuel" and "diesel fuel" mean those terms as  
11 defined in section 2 of the motor fuel tax act, 2000 PA 403, MCL  
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16 fuel is sold or offered for sale to the public.

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18 defined in section 6 of the motor fuel tax act, 2000 PA 403, MCL  
19 207.1006.