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## RECYCLED MATERIAL: SBT CREDIT

**House Bill 4748**

**Sponsor: Rep. Michael J. Griffin**

**Committee: Tax Policy**

**Complete to 6-2-97**

### **A SUMMARY OF HOUSE BILL 4748 AS INTRODUCED 5-6-97**

The bill would amend the Single Business Tax Act to create a credit for the use of recycled materials in manufacturing. The credit would be available for tax years beginning after December 31, 1996, and begin before January 1, 2000, and would be equal to 50 percent of the cost paid by the taxpayer for the use of recycled materials in excess of the cost that would have been paid had virgin materials been used. The credit would only be for recycled materials generated and processed in Michigan by the taxpayer in the tax year for a purpose other than energy recovery or incineration and could not exceed 50 percent of the cost differential for the recycled materials.

The term "cost differential" would mean the statewide average price differential for a specific recycled material as determined annually by the Department of Environmental Quality (DEQ). The term "recycled materials" would refer to green and amber glass; tires; coated paper, including waxed cardboard, milk cartons, fast-food paper containers, and other paper with slick coating; and building construction and demolition waste, including wood, drywall, and masonry.

To claim the credit, a taxpayer would first have to apply to the DEQ for certification of the amount and eligibility of recycled materials processed. The DEQ would submit a copy of each certification granted to the Department of Treasury. The taxpayer would include a copy of the certification and a statement that the recycled materials were generated exclusively in Michigan with the tax return for the tax year in which a credit was being claimed. The DEQ and treasury would be required to promulgate rules to establish the technical specifications and certification requirements for recycled materials.

If the credit allowed for the tax year and any unused carryforward of the credit exceeded the taxpayer's tax liability for the tax year, the excess would not be refunded but could be carried forward to offset tax liability in subsequent years for ten years or until used up, whichever occurred first.

Before February 1 of each calendar year, the director of the DEQ would have to submit a report to the governor, state treasurer, and the legislature citing the number of certifications granted and the amount of recycled materials processed by qualified taxpayers.

MCL 208.37e

Analyst: C. Couch

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.