

SENATE SUBSTITUTE FOR HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1316

A bill to create and provide for the operation of the Michigan next energy authority; to provide for the powers and duties of the authority; to promote alternative energy technology and economic growth; and to exempt property of an authority from tax.

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

1       Sec. 1. This act shall be known and may be cited as the  
2 "Michigan next energy authority act".

3       Sec. 2. As used in this act:

4       (a) "Advanced battery cell" means a rechargeable battery  
5 cell with a specific energy of not less than 80 watt hours per  
6 kilogram.

7       (b) "Alternative energy marine propulsion system" means an  
8 onboard propulsion system or detachable outboard propulsion  
9 system for a watercraft that is powered by a fuel cell energy

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1 system, photovoltaic energy system, or advanced battery cell  
2 energy system and that is the singular propulsion system for the  
3 watercraft. Alternative energy marine propulsion system does not  
4 include battery powered motors designed to assist in the propul-  
5 sion of the watercraft during fishing or other recreational use.

6 (c) "Alternative energy system" means the small-scale gener-  
7 ation or release of energy from 1 or any combination of the fol-  
8 lowing types of energy systems:

9 (i) A fuel cell energy system.

10 (ii) A photovoltaic energy system.

11 (iii) A solar-thermal energy system.

12 (iv) A wind energy system.

13 (v) A CHP energy system.

14 (vi) A microturbine energy system.

15 (vii) A miniturbine energy system.

16 (viii) A Stirling cycle energy system.

17 (ix) A battery cell energy system.

18 (x) A clean fuel energy system.

19 (xi) An electricity storage system.

20 (d) "Alternative energy technology" means equipment, compo-  
21 nent parts, materials, electronic devices, testing equipment, and  
22 related systems that are solely related to the following:

23 (i) The storage or generation of hydrogen for use in an  
24 alternative energy system.

25 (ii) The process of generating and putting into a usable  
26 form the energy generated by an alternative energy system.

27 Alternative energy technology does not include those component

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1 parts of an alternative energy system that are required  
2 regardless of the energy source.

3 (iii) A microgrid. As used in this subparagraph,  
4 "microgrid" means the lines, wires, and controls to connect 2 or  
5 more alternative energy systems.

6 (e) "Alternative energy technology business" means a busi-  
7 ness engaged solely in the research, development, or manufactur-  
8 ing of alternative energy technology.

9 (f) "Alternative energy vehicle" means a motor vehicle manu-  
10 factured by an original equipment manufacturer that fully war-  
11 rants and certifies that the motor vehicle meets federal motor  
12 vehicle safety standards for its class of vehicles as defined by  
13 the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923, and  
14 certifies that the motor vehicle meets local emissions standards,  
15 that is propelled by an alternative energy system. Alternative  
16 energy vehicle includes the following:

17 (i) An alternative fueled vehicle. As used in this subpara-  
18 graph, "alternative fueled vehicle" means a motor vehicle that  
19 can only be powered by a clean fuel energy system and can only be  
20 fueled by a clean fuel.

21 (ii) A fuel cell vehicle. As used in this subparagraph,  
22 "fuel cell vehicle" means a motor vehicle powered solely by a  
23 fuel cell energy system.

24 (iii) An electric vehicle. As used in this subparagraph,  
25 "electric vehicle" means a motor vehicle powered solely by a bat-  
26 tery cell energy system.

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1           (iv) A hybrid vehicle. As used in this subparagraph,  
2 "hybrid vehicle" means a motor vehicle that can only be powered  
3 by 2 or more alternative energy systems.

4           (v) A solar vehicle. As used in this subparagraph, "solar  
5 vehicle" means a motor vehicle powered solely by a photovoltaic  
6 energy system.

7           (vi) A hybrid electric vehicle. As used in this subpara-  
8 graph, "hybrid electric vehicle" means a motor vehicle powered by  
9 an integrated propulsion system consisting of an electric motor  
10 and combustion engine. Hybrid electric vehicle does not include  
11 a retrofitted conventional diesel or gasoline engine. A hybrid  
12 electric vehicle obtains the power necessary to propel the motor  
13 vehicle from a combustion engine and 1 of the following:

14           (A) A battery cell energy system.

15           (B) A fuel cell energy system.

16           (C) A photovoltaic energy system.

17           (g) "Alternative energy zone" means a renaissance zone des-  
18 igned as an alternative energy zone by the board of the  
19 Michigan strategic fund under section 8a of the Michigan renais-  
20 sance zone act, 1996 PA 376, MCL 125.2688a.

21           (h) "Authority" means the Michigan next energy authority  
22 created under section 3.

23           (i) "Battery cell" means a closed electrochemical system  
24 that converts chemical energy from oxidation and reduction reac-  
25 tions directly into electric energy without combustion and with-  
26 out external fuel and consists of an anode, a cathode, and an  
27 electrolyte.

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1           (j) "Battery cell energy system" means 1 or more battery  
2 cells and an inverter or other power conditioning unit used to  
3 perform 1 or more of the following functions:

4           (i) Propel a motor vehicle or an alternative energy marine  
5 propulsion system.

6           (ii) Provide electricity that is distributed within a dwell-  
7 ing or other structure.

8           (iii) Provide electricity to operate a portable electronic  
9 device including, but not limited to, a laptop computer, a per-  
10 sonal digital assistant, or a cell phone. For purposes of this  
11 subparagraph only, a battery cell energy system shall only use  
12 advanced battery cells.

13           (k) "Board" means the governing body of an authority under  
14 section 4.

15           (l) "CHP energy system" means an integrated unit that gener-  
16 ates power and either cools, heats, or controls humidity in a  
17 building or provides heating, drying, or chilling for an indus-  
18 trial process that includes and is limited to both of the  
19 following:

20           (i) An absorption chiller, a desiccant dehumidifier, or heat  
21 recovery equipment.

22           (ii) One of the following:

23           (A) An internal combustion engine, an external combustion  
24 engine, a microturbine, or a miniturbine, fueled solely by a  
25 clean fuel.

26           (B) A fuel cell energy system.

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1 (m) "Clean fuel" means 1 or more of the following:

2 (i) Methane.

3 (ii) Natural gas.

4 (iii) Methanol neat or methanol blends containing at least  
5 85% methanol.

6 (iv) Denatured ethanol neat or ethanol blends containing at  
7 least 85% ethanol.

8 (v) Compressed natural gas.

9 (vi) Liquefied natural gas.

10 (vii) Liquefied petroleum gas.

11 (viii) Hydrogen.

12 (n) "Clean fuel energy system" means a device that is  
13 designed and used solely for the purpose of generating power from  
14 a clean fuel. Clean fuel energy system does not include a con-  
15 ventional gasoline or diesel fuel engine or a retrofitted conven-  
16 tional diesel or gasoline engine.

17 (o) "Department" means the department of management and  
18 budget.

19 (p) "Electricity storage device" means a device, including a  
20 capacitor, that directly stores electrical energy without conver-  
21 sion to an intermediary medium.

22 (q) "Electricity storage system" means 1 or more electricity  
23 storage devices and inverters or other power conditioning  
24 equipment.

25 (r) "Fuel cell energy system" means 1 or more fuel cells or  
26 fuel cell stacks and an inverter or other power conditioning

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1 unit. A fuel cell energy system may also include a fuel  
2 processor. As used in this subdivision:

3 (i) "Fuel cell" means an electrochemical device that uses an  
4 external fuel and continuously converts the energy released from  
5 the oxidation of fuel by oxygen directly into electricity without  
6 combustion and consists of an anode, a cathode, and an  
7 electrolyte.

8 (ii) "Fuel cell stack" means an assembly of fuel cells.

9 (iii) "Fuel processor" means a device that converts a fuel,  
10 including, but not limited to, methanol, natural gas, or gaso-  
11 line, into a hydrogen rich gas, without combustion for use in a  
12 fuel cell.

13 (s) "Microturbine energy system" means a system that gener-  
14 ates electricity, composed of a compressor, combustor, turbine,  
15 and generator, fueled solely by a clean fuel with a capacity of  
16 not more than 250 kilowatts. A microturbine energy system may  
17 include an alternator and shall include a recuperator if the use  
18 of the recuperator increases the efficiency of the energy  
19 system.

20 (t) "Miniturbine energy system" means a system that gener-  
21 ates electricity, composed of a compressor, combustor, turbine,  
22 and generator, fueled solely by a clean fuel with a capacity of  
23 not more than 2 megawatts. A miniturbine energy system may also  
24 include an alternator and a recuperator.

25 (u) "Person" means an individual, partnership, corporation,  
26 limited liability company, association, governmental entity, or  
27 other legal entity.

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1 (v) "Photovoltaic energy system" means a solar energy device  
2 composed of 1 or more photovoltaic cells or photovoltaic modules  
3 and an inverter or other power conditioning unit. A photovoltaic  
4 system may also include batteries for power storage or an elec-  
5 tricity storage device. As used in this subdivision:

6 (i) "Photovoltaic cell" means an integrated device consist-  
7 ing of layers of semiconductor materials and electrical contacts  
8 capable of converting incident light directly into electricity.

9 (ii) "Photovoltaic module" means an assembly of photovoltaic  
10 cells.

11 (w) "Small-scale" means a single energy system with a gener-  
12 ating capacity of not more than 2 megawatts or an integrated  
13 energy system with a generating capacity of not more than  
14 10 megawatts.

15 (x) "Solar thermal energy system" means an integrated unit  
16 consisting of a sunlight collection device, a system containing a  
17 heat transfer fluid to receive the collected sunlight, and heat  
18 exchangers to transfer the solar energy to a thermal storage tank  
19 to heat or cool spaces or water or to generate electricity.

20 (y) "Stirling cycle energy system" means a closed-cycle,  
21 regenerative heat engine that is fueled solely by a clean fuel  
22 and uses an external combustion process, heat exchangers, pis-  
23 tons, a regenerator, and a confined working gas, such as hydrogen  
24 or helium, to convert heat into mechanical energy. A Stirling  
25 cycle energy system may also include a generator to generate  
26 electricity.



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1 (z) "Wind energy system" means an integrated unit consisting  
2 of a wind turbine composed of a rotor, an electrical generator, a  
3 control system, an inverter or other power conditioning unit, and  
4 a tower, which uses moving air to produce power.

5 Sec. 3. (1) There is created by this act a public body cor-  
6 porate and politic known as the Michigan next energy authority.  
7 The authority shall be located within the department.

8 (2) The authority shall exercise its prescribed statutory  
9 powers, duties, and functions independently of the director of  
10 the department. The budgeting, procurement, and related adminis-  
11 trative functions of the authority shall be performed under the  
12 direction and supervision of the director of the department.

13 (3) The authority may contract with the department for the  
14 purpose of maintaining the rights and interests of the  
15 authority.

16 (4) The accounts of the authority may be subject to annual  
17 financial audits by the state auditor general. Records of the  
18 authority shall be maintained according to generally accepted  
19 accounting principles.

20 Sec. 4. (1) An authority created under this act is governed  
21 by a board consisting of the members of the authority under the  
22 Michigan economic growth authority act, 1995 PA 24, MCL 207.801  
23 to 207.810.

24 (2) The board shall organize and adopt its own policies,  
25 procedures, schedule of regular meetings, and a regular meeting  
26 date, place, and time. The board shall conduct all business at  
27 public meetings held in compliance with the open meetings act,

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1 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time,  
2 date, and place of each meeting shall be giving in the manner  
3 required by the open meetings act, 1976 PA 267, MCL 15.261 to  
4 15.275.

5 (3) A writing prepared, owned, used, in the possession of,  
6 or retained by the board in the performance of an official func-  
7 tion shall be made available to the public in compliance with the  
8 freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

9 (4) A board may act only by resolution. A majority of the  
10 members of the board then in office, or of any committee of the  
11 board, shall constitute a quorum for the transaction of  
12 business.

13 (5) The board may employ legal and technical experts, pri-  
14 vate consultants, accountants, and other agents or employees for  
15 rendering professional and technical assistance and advice as may  
16 be necessary. The authority shall determine the qualifications,  
17 duties, and compensation of those it employs.

18 Sec. 5. (1) Except as otherwise provided in this act, the  
19 authority may do all things necessary to implement the purposes  
20 of this act, including, but not limited to, all of the  
21 following:

22 (a) Adopt, amend, and repeal bylaws for the regulation of  
23 its affairs and the conduct of its business.

24 (b) Adopt an official seal and alter the seal at the plea-  
25 sure of the board.

26 (c) Sue and be sued in its own name and plead and be  
27 impleaded.

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1 (d) Solicit and accept gifts, grants, loans, and other  
2 assistance from any person or the federal, the state, or a local  
3 government or any agency of the federal, the state, or a local  
4 government or participate in any other way in any federal, state,  
5 or local government program.

6 (e) Research and publish studies, investigations, surveys,  
7 and findings on the development and use of alternative energy  
8 technology.

9 (f) Promote the research, development, and manufacturing of  
10 alternative energy technology.

11 (g) Do all other things necessary to promote and increase  
12 the research, development, and manufacturing of alternative  
13 energy technology and to otherwise achieve the objectives and  
14 purposes of the authority.

15 (2) The authority shall certify all of the following per-  
16 sonal property and shall provide proof of certification to the  
17 assessor of the local tax collecting unit in which the following  
18 personal property is located:

19 (a) Alternative energy marine propulsion systems, alterna-  
20 tive energy systems, and alternative energy vehicles that meet  
21 both of the following requirements:

22 (i) Were not previously subject to the collection of taxes  
23 under the general property tax act, 1893 PA 206, MCL 211.1 to  
24 211.157.

25 (ii) Were not previously exempt from the collection of taxes  
26 under the general property tax act, 1893 PA 206, MCL 211.1 to  
27 211.157, except for personal property exempt under section 9c or

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1 9i of the general property tax act, 1893 PA 206, MCL 211.9c and  
2 211.9i.

3 (b) Tangible personal property of a business that is an  
4 alternative energy technology business that meets both of the  
5 following requirements:

6 (i) Was not previously subject to the collection of taxes  
7 under the general property tax act, 1893 PA 206, MCL 211.1 to  
8 211.157.

9 (ii) Was not previously exempt from the collection of taxes  
10 under the general property tax act, 1893 PA 206, MCL 211.1 to  
11 211.157, except for personal property exempt under section 9c or  
12 9i of the general property tax act, 1893 PA 206, MCL 211.9c and  
13 211.9i.

14 (c) Tangible personal property of a business that is not an  
15 alternative energy technology business that is used solely for  
16 the purpose of researching, developing, or manufacturing an  
17 alternative energy technology that meets both of the following  
18 requirements:

19 (i) Was not previously subject to the collection of taxes  
20 under the general property tax act, 1893 PA 206, MCL 211.1 to  
21 211.157.

22 (ii) Was not previously exempt from the collection of taxes  
23 under the general property tax act, 1893 PA 206, MCL 211.1 to  
24 211.157, except for personal property exempt under section 9c or  
25 9i of the general property tax act, 1893 PA 206, MCL 211.9c and  
26 211.9i.

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1           (3) The authority shall certify and provide proof of  
2 certification of the following business entities:

3           (a) An alternative energy technology business. The author-  
4 ity shall provide proof of certification to the assessor of the  
5 local tax collecting unit in which the alternative energy tech-  
6 nology business is located.

7           (b) A taxpayer as an eligible taxpayer for the purposes of  
8 claiming the credit under section 39e(2) of the single business  
9 tax act, 1975 PA 228, MCL 208.39e.

10           (4) The authority shall certify and provide proof of certi-  
11 fication of the qualified business activity of a taxpayer eligi-  
12 ble under subsection (3)(b). As used in this subsection,  
13 "qualified business activity" means that term as defined in  
14 section 39e of the single business tax act, 1975 PA 228,  
15 MCL 208.39e.

16           (5) The authority shall not operate an alternative energy  
17 technology business or otherwise engage in the manufacturing of  
18 any commercial products.

19           Sec. 6. The authority created under this act shall be  
20 exempt from and shall not be required to pay taxes on property,  
21 both real and personal, belonging to the authority, which is used  
22 for a public purpose. Property of the authority is public prop-  
23 erty devoted to an essential public and governmental function and  
24 purpose.

25           Sec. 7. This act shall be construed liberally to effectuate  
26 the legislative intent and its purposes. All powers granted  
27 shall be cumulative and not exclusive and shall be broadly

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1 interpreted to effectuate the intent and purposes and not as a  
2 limitation of powers.