

SENATE BILL No. 1335

May 27, 2008, Introduced by Senators BASHAM, JACOBS, OLSHOVE, ANDERSON and GLEASON and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.532) by adding section 262.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 262. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,
2 2007, A TAXPAYER, OTHER THAN AN ESTATE OR A TRUST, MAY CLAIM A
3 CREDIT AGAINST THE TAX IMPOSED BY THIS ACT FOR THE TAXABLE YEAR IN
4 THE AMOUNT AS PROVIDED IN THIS SECTION FOR THE PURCHASE AND
5 INSTALLATION, BUT EXCLUDING FINANCE CHARGES, OF A SOLAR, WIND, OR
6 WATER ENERGY CONVERSION DEVICE IN THE TAXPAYER'S DOMICILE LOCATED
7 IN THIS STATE, OR A BUILDING THAT IS OWNED BY THE TAXPAYER AND
8 RENTED OR LEASED FOR THE PURPOSE OF PROVIDING A DOMICILE AND
9 LOCATED WITHIN THIS STATE, OR BOTH THE TAXPAYER'S DOMICILE LOCATED
10 IN THIS STATE AND SUCH A BUILDING. A SUBSEQUENT PURCHASER MAY CLAIM

1 THE CREDIT IF THE PERSON WHO INSTALLED THE SOLAR, WIND, OR WATER
2 ENERGY CONVERSION DEVICE DOES NOT CLAIM THE CREDIT. ONLY 1 PERSON
3 MAY CLAIM THE CREDIT FOR EACH INSTALLATION EXCEPT AS ALLOWED IN
4 SUBSECTION (6). THE CREDIT SHALL BE CLAIMED FOR THE TAX YEAR IN
5 WHICH THE INSTALLATION OF THE DEVICE WAS COMPLETED.

6 (2) THE AMOUNT OF THE CREDIT ALLOWED BY THIS SECTION FOR THE
7 COST OF PURCHASE AND INSTALLATION, BUT EXCLUDING FINANCE CHARGES,
8 OF A SOLAR, WIND, OR WATER ENERGY CONVERSION DEVICE IN THE
9 TAXPAYER'S DOMICILE, OR A BUILDING THAT IS OWNED BY THE TAXPAYER
10 AND RENTED OR LEASED FOR THE PURPOSE OF PROVIDING A DOMICILE, THAT
11 IS A SINGLE FAMILY DWELLING AND THAT IS LOCATED WITHIN THIS STATE
12 IS 30% OF THE FIRST \$2,000.00 OF COST AND 15% OF THE NEXT \$3,000.00
13 OF COST.

14 (3) THE AMOUNT OF THE CREDIT ALLOWED BY THIS SECTION FOR THE
15 COST OF PURCHASE AND INSTALLATION, BUT EXCLUDING FINANCE CHARGES,
16 OF A SOLAR, WIND, OR WATER ENERGY CONVERSION DEVICE IN THE
17 TAXPAYER'S DOMICILE, OR A BUILDING THAT IS OWNED BY THE TAXPAYER
18 AND RENTED OR LEASED FOR THE PURPOSE OF PROVIDING A DOMICILE, THAT
19 IS OTHER THAN A SINGLE FAMILY DWELLING AND THAT IS LOCATED WITHIN
20 THIS STATE IS 30% OF THE FIRST \$2,000.00 OF COST AND 15% OF THE
21 NEXT \$7,000.00 OF COST.

22 (4) A TAXPAYER WHO OWNS AND RESIDES IN A CONDOMINIUM LOCATED
23 WITHIN THIS STATE AND WHO INSTALLS A SOLAR, WIND, OR WATER ENERGY
24 CONVERSION DEVICE FOR THE CONDOMINIUM IS ELIGIBLE FOR THE CREDIT
25 PROVIDED BY THIS SECTION IN PROPORTION TO THE NUMBER OF HOUSEHOLDS
26 SERVED BY THE DEVICE.

27 (5) ENERGY CONSERVATION MEASURES APPLIED IN CONJUNCTION WITH A

1 SOLAR, WIND, OR WATER ENERGY CONVERSION DEVICE TO INCREASE THE
2 ENERGY EFFICIENCY OF THE DEVICE SHALL BE CONSIDERED PART OF THE
3 DEVICE AND ARE ELIGIBLE FOR THE TAX CREDIT. THESE MEASURES SHALL BE
4 DEFINED IN THE RULES PROMULGATED BY THE DEPARTMENT OF LABOR AND
5 ECONOMIC GROWTH PURSUANT TO SUBSECTION (8). A WOOD-BURNING
6 APPARATUS, EXCLUDING A FIREPLACE, INSTALLED IN CONJUNCTION WITH A
7 SOLAR, WIND, OR WATER ENERGY CONVERSION SYSTEM, TO DECREASE THE
8 NONRENEWABLE BACK-UP ENERGY REQUIREMENTS OF THE BUILDING IN WHICH
9 THE APPARATUS IS INSTALLED, SHALL BE CONSIDERED PART OF THE DEVICE
10 AND IS ELIGIBLE FOR THE TAX CREDIT. SWIMMING POOL HEATING DEVICES
11 ARE ELIGIBLE FOR THE CREDIT ONLY IF 25% OR MORE OF THE SYSTEM'S
12 HEATING CAPACITY IS USED FOR RESIDENTIAL PURPOSES. ENERGY
13 CONSERVATION MEASURES THAT ARE ELIGIBLE FOR THE TAX CREDIT WHEN
14 APPLIED IN CONJUNCTION WITH A SOLAR, WIND, OR WATER ENERGY
15 CONVERSION DEVICE SHALL BE DEFINED BY RULES PROMULGATED BY THE
16 DEPARTMENT OF COMMERCE AS PART OF THE ELIGIBILITY CRITERIA.

17 (6) IN THE CASE OF A HUSBAND OR WIFE WHO FILES A SEPARATE
18 RETURN, THE CREDIT MAY BE TAKEN BY EITHER OR EQUALLY DIVIDED
19 BETWEEN THEM.

20 (7) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX
21 LIABILITY FOR THE TAXABLE YEAR, THAT PORTION OF THE CREDIT THAT
22 EXCEEDS THE TAX LIABILITY SHALL BE REFUNDED.

23 (8) BEFORE JULY 1, 2008, THE DEPARTMENT OF LABOR AND ECONOMIC
24 GROWTH SHALL PROMULGATE RULES PURSUANT TO THE ADMINISTRATIVE
25 PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328, TO
26 IMPLEMENT THIS SECTION AND TO ESTABLISH THE PERFORMANCE AND QUALITY
27 STANDARDS AND OTHER STANDARDS FOR ENERGY CONSERVATION MEASURES AND

1 SOLAR, WIND, OR WATER ENERGY CONVERSION DEVICES THAT ARE ELIGIBLE
2 FOR THE TAX CREDIT UNDER THIS SECTION. A TAXPAYER SHALL FILE FOR
3 CERTIFICATION OF A DEVICE WITH THE DEPARTMENT OF LABOR AND ECONOMIC
4 GROWTH ON A FORM PRESCRIBED BY THE DEPARTMENT NOT LATER THAN 1 YEAR
5 FOLLOWING THE DATE ON WHICH THE INSTALLATION OF THE DEVICE WAS
6 COMPLETED. THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH MAY GRANT AN
7 EXTENSION FOR FILING UPON A SHOWING OF GOOD CAUSE. ON A FORM
8 PROVIDED BY THE DEPARTMENT, THE DEPARTMENT OF LABOR AND ECONOMIC
9 GROWTH SHALL CERTIFY TO THE TAXPAYER THAT THE SOLAR, WIND, OR WATER
10 ENERGY CONVERSION DEVICE QUALIFIES UNDER THIS SECTION AND SHALL
11 SPECIFY THE AMOUNT OF THE CREDIT TO WHICH THE TAXPAYER IS ENTITLED.
12 A COPY OF THE CERTIFICATE SHALL BE ATTACHED TO THE RETURN FILED
13 UNDER THIS ACT. THE DEPARTMENT OF TREASURY MAY PROMULGATE RULES
14 NECESSARY TO CARRY OUT THE PURPOSES OF THIS SECTION.

15 (9) A SOLAR, WIND, OR WATER ENERGY CONVERSION DEVICE THAT
16 QUALIFIES FOR A CREDIT PROVIDED UNDER FEDERAL LAW AND THAT WAS
17 PURCHASED AND INSTALLED BEFORE PROMULGATION OF RULES REQUIRED BY
18 THIS SECTION IS ELIGIBLE FOR THE APPROPRIATE TAX CREDIT PROVIDED BY
19 THIS SECTION.

20 (10) SOLAR EQUIPMENT TESTING, IF REQUIRED BY THE RULES, SHALL
21 BE CARRIED OUT AT A FEDERAL, STATE, OR INDEPENDENT TESTING
22 LABORATORY AND SHALL BE DONE PURSUANT TO APPLICABLE FEDERAL AND
23 STATE GUIDELINES.

24 (11) AS USED IN THIS SECTION:

25 (A) "SOLAR, WIND, OR WATER ENERGY CONVERSION DEVICE" MEANS A
26 MECHANISM OR SYSTEM OR SERIES OF MECHANISMS OR SYSTEMS DESIGNED
27 PRIMARILY TO COLLECT, CONVERT, TRANSFER, OR STORE FOR FUTURE USE

1 SOLAR, WIND, OR WATER ENERGY FOR THE PURPOSES OF HEATING, COOLING,
2 OR ELECTRIC SUPPLY, BUT NOT THOSE PARTS OF A HEATING, COOLING, OR
3 ELECTRIC SUPPLY SYSTEM THAT WOULD BE REQUIRED REGARDLESS OF THE
4 ENERGY SOURCE BEING UTILIZED.

5 (B) "WATER ENERGY CONVERSION DEVICE" INCLUDES ONLY THOSE
6 DEVICES THAT UTILIZE GROUND WATER HEAT PUMPS OR LOW HEAD
7 HYDROENERGY CONVERSION SYSTEMS.