

# HOUSE BILL No. 4285

February 17, 2011, Introduced by Rep. Rendon 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 206.532) by adding section 254.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           SEC. 254. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,  
2   2010, IF A TAXPAYER PURCHASES AND INSTALLS RESIDENTIAL ENERGY  
3   EFFICIENT PROPERTY TO SUPPLY ALL OR PART OF THE ENERGY REQUIRED FOR  
4   THE TAXPAYER'S PRINCIPAL RESIDENCE OR FOR RESIDENTIAL RENTAL  
5   PROPERTY OWNED BY THE TAXPAYER AND IF THE TAXPAYER PARTICIPATES IN  
6   A NET METERING PROGRAM OFFERED BY AN ELECTRIC UTILITY, THE TAXPAYER  
7   MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED UNDER THIS ACT EQUAL TO  
8   20% OF THE TOTAL COST OF EXPENDITURES INCURRED IN PURCHASING THE  
9   NECESSARY EQUIPMENT, INSTALLING THE RESIDENTIAL ENERGY EFFICIENT  
10  PROPERTY, AND ANY OTHER EXPENSES INCURRED DURING THE TAX YEAR,  
11  INCLUDING ANY UTILITY CHARGES INCURRED TO PARTICIPATE IN THE NET

1 METERING PROGRAM. THE CREDIT ALLOWED UNDER THIS SUBSECTION SHALL  
2 NOT EXCEED \$500.00. A TAXPAYER WHO RENTS OR LEASES RESIDENTIAL  
3 RENTAL PROPERTY MAY CLAIM A SIMILAR CREDIT COMPUTED UNDER THIS  
4 SECTION FOR THE PURCHASE AND INSTALLATION OF RESIDENTIAL ENERGY  
5 EFFICIENT PROPERTY AND PARTICIPATION IN A NET METERING PROGRAM, AS  
6 LONG AS THE OWNER OR LESSOR DOES NOT CLAIM A CREDIT UNDER THIS  
7 SECTION BASED ON THE SAME COSTS.

8 (2) THE DEPARTMENT MAY REQUIRE REASONABLE PROOF IN SUPPORT OF  
9 THE COSTS AND EXPENSES CLAIMED UNDER THIS SECTION.

10 (3) IF THE TOTAL CREDITS ALLOWED UNDER THIS SECTION FOR THE  
11 TAX YEAR EXCEED THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR,  
12 THAT PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL NOT  
13 BE REFUNDED BUT MAY BE CARRIED FORWARD FOR 1 YEAR ONLY.

14 (4) AS USED IN THIS SECTION:

15 (A) "ACTIVE SOLAR SYSTEM" MEANS A SYSTEM OF EQUIPMENT CAPABLE  
16 OF COLLECTING AND CONVERTING INCIDENT SOLAR RADIATION INTO THERMAL,  
17 MECHANICAL, OR ELECTRICAL ENERGY, AND TRANSFERRING THESE FORMS OF  
18 ENERGY BY A SEPARATE APPARATUS TO STORAGE OR TO THE POINT OF USE.  
19 ACTIVE SOLAR SYSTEM INCLUDES WATER HEATING, SPACE HEATING OR  
20 COOLING, AND ELECTRICAL OR MECHANICAL ENERGY GENERATION.

21 (B) "ELECTRIC UTILITY" MEANS A PERSON, PARTNERSHIP,  
22 CORPORATION, ASSOCIATION, OR OTHER LEGAL ENTITY WHOSE TRANSMISSION  
23 OR DISTRIBUTION OF ELECTRICITY THE MICHIGAN PUBLIC SERVICE  
24 COMMISSION REGULATES UNDER 1909 PA 106, MCL 460.551 TO 460.559, OR  
25 1939 PA 3, MCL 460.1 TO 460.11. ELECTRIC UTILITY ALSO INCLUDES A  
26 MUNICIPAL UTILITY.

27 (C) "HYDROENERGY SYSTEM" MEANS A SYSTEM OF APPARATUS AND

1 EQUIPMENT CAPABLE OF INTERCEPTING AND CONVERTING KINETIC WATER  
2 ENERGY INTO ELECTRICAL OR MECHANICAL ENERGY AND TRANSFERRING THIS  
3 FORM OF ENERGY BY SEPARATE APPARATUS TO THE POINT OF USE OR  
4 STORAGE.

5 (D) "PASSIVE SOLAR SYSTEM" MEANS A DIRECT THERMAL SYSTEM THAT  
6 UTILIZES THE STRUCTURE OF A BUILDING AND ITS OPERABLE COMPONENTS TO  
7 PROVIDE FOR COLLECTION, STORAGE, AND DISTRIBUTION OF HEATING OR  
8 COOLING DURING THE APPROPRIATE TIMES OF THE YEAR BY UTILIZING THE  
9 CLIMATE RESOURCES AVAILABLE AT THE SITE. PASSIVE SOLAR SYSTEM  
10 INCLUDES THOSE PORTIONS AND COMPONENTS OF A BUILDING THAT ARE  
11 EXPRESSLY DESIGNED AND REQUIRED FOR THE COLLECTION, STORAGE, AND  
12 DISTRIBUTION OF SOLAR ENERGY.

13 (E) "PRINCIPAL RESIDENCE" MEANS THAT TERM AS DEFINED IN  
14 SECTION 7DD OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL  
15 211.7DD.

16 (F) "RESIDENTIAL ENERGY EFFICIENT PROPERTY" MEANS ANY ACTIVE  
17 SOLAR SYSTEM, PASSIVE SOLAR SYSTEM, WIND SYSTEM, OR HYDROENERGY  
18 SYSTEM USED TO SUPPLY ENERGY TO OR FOR A PRINCIPAL RESIDENCE OR  
19 RESIDENTIAL RENTAL PROPERTY UNIT.

20 (G) "RESIDENTIAL RENTAL PROPERTY" MEANS THAT PORTION OF REAL  
21 PROPERTY NOT OCCUPIED BY AN OWNER OF THAT REAL PROPERTY THAT IS  
22 CLASSIFIED AS RESIDENTIAL REAL PROPERTY UNDER SECTION 34C OF THE  
23 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.34C, IS A MULTIPLE-  
24 UNIT DWELLING, OR IS A DWELLING UNIT IN A MULTIPLE-PURPOSE  
25 STRUCTURE, USED FOR RESIDENTIAL PURPOSES.

26 (H) "WIND SYSTEM" MEANS A SYSTEM OF APPARATUS AND EQUIPMENT  
27 CAPABLE OF INTERCEPTING AND CONVERTING WIND ENERGY INTO MECHANICAL

- 1 OR ELECTRICAL ENERGY AND TRANSFERRING THESE FORMS OF ENERGY BY A
- 2 SEPARATE APPARATUS TO THE POINT OF USE OR STORAGE.