

**SUBSTITUTE FOR
SENATE BILL NO. 447**

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.847) by adding section 678.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 678. (1) Except as otherwise provided under this section,**
2 **for tax years beginning on and after January 1, 2025, a qualified**
3 **taxpayer may claim a credit against the tax imposed by this part in**
4 **an amount equal to \$1.50 per gallon of sustainable aviation fuel**
5 **that satisfies both of the following:**

6 **(a) Is produced or blended in this state.**

7 **(b) Is sold in this state during the tax year to a purchaser**
8 **that certifies that the sustainable aviation fuel was purchased for**
9 **use as fuel in an aircraft departing from an airport in this state.**



1 (2) Subject to the limitation under this subsection, the
2 amount of the credit per gallon of sustainable aviation fuel
3 allowed under subsection (1) increases by \$0.02 for each additional
4 1% reduction in carbon dioxide equivalent emissions above 50%.
5 However, the maximum amount of the credit per gallon of sustainable
6 aviation fuel allowed under this section must not exceed \$2.00 per
7 gallon.

8 (3) To be eligible for a credit under this section, within 2
9 months after the close of the taxpayer's tax year the taxpayer
10 must, in a form and manner as prescribed by the department of
11 environment, Great Lakes, and energy, apply to and receive from the
12 department of environment, Great Lakes, and energy certification of
13 the number of gallons of sustainable aviation fuel produced or
14 blended in this state and sold during the tax year that meet the
15 requirements in subsection (1) and the amount of the credit
16 calculated in accordance with subsection (1) and (2) and allocated
17 to that qualified taxpayer to be claimed under this section for
18 that same tax year. The taxpayer must submit both of the following
19 with the application required under this subsection:

20 (a) Evidence that the taxpayer is engaged in the business of
21 producing or blending sustainable aviation fuel in this state and
22 that the sustainable aviation fuel sold during the tax year for
23 which the credit is sought to be claimed was produced or blended in
24 this state.

25 (b) Copies of each purchaser's certification that the
26 sustainable aviation fuel purchased in this state from the taxpayer
27 was used or is intended for use as fuel in an aircraft departing
28 from an airport in this state. If the purchaser is a wholly owned
29 subsidiary of an airline operator, the purchaser may make the



1 certification required under this subdivision based on information
2 from the airline operator that the sustainable aviation fuel was
3 for use in an aircraft departing from an airport in this state.

4 (4) Not later than 30 days after receipt of an application
5 under subsection (3), the department of environment, Great Lakes,
6 and energy shall approve, reject, or request additional information
7 if deemed necessary. If additional information is requested, the
8 taxpayer has 30 days upon receipt of the notification from the
9 department of environment, Great Lakes, and energy to submit the
10 additional information. If the taxpayer fails to submit the
11 additional information requested within 30 days of being notified
12 that additional information was needed, the application is
13 considered abandoned and rejected. If an application is rejected by
14 the department of environment, Great Lakes, and energy, the
15 department of environment, Great Lakes, and energy must notify the
16 applicant in writing and include the reasons for the rejection. If
17 an application is approved, the department of environment, Great
18 Lakes, and energy must issue a certificate to the qualified
19 taxpayer and the qualified taxpayer shall attach the certificate to
20 the annual return filed under this part on which a credit under
21 this section is claimed. The certificate required under this
22 subsection must state all of the following:

23 (a) The taxpayer is a qualified taxpayer.

24 (b) The amount of the credit allowed to be claimed under this
25 section by the qualified taxpayer for the designated tax year.

26 (c) The taxpayer's federal employer identification number or
27 the Michigan department of treasury number assigned to the
28 taxpayer.

29 (5) If the amount of the credit allowed under this section



1 exceeds the qualified taxpayer's tax liability for the tax year,
2 that portion that exceeds the tax liability for the tax year must
3 be refunded.

4 (6) As used in this section:

5 (a) "Aviation fuel" means fuel as that term is defined in
6 section 4 of the aeronautics code of the state of Michigan, 1945 PA
7 327, MCL 259.4.

8 (b) "Biomass" means any organic matter that is available on a
9 renewable or recurring basis, including agricultural crops and
10 trees; wood and wood waste and residues; plants, including aquatic
11 plants, grasses, residues, and fibers; animal waste; and the
12 organic portion of solid wastes.

13 (c) "Carbon dioxide equivalent" means a metric measure used to
14 compare the emissions from various greenhouse gases based upon
15 their global-warming potential.

16 (d) "Greenhouse gas" means carbon dioxide, methane, nitrous
17 oxide, hydrofluorocarbons, perfluorocarbons, or sulfur
18 hexafluoride.

19 (e) "Qualified taxpayer" means a taxpayer that is engaged in
20 the business of producing or blending sustainable aviation fuel in
21 this state and that has been issued a certificate under subsection
22 (4).

23 (f) "Sustainable aviation fuel" means aviation fuel that
24 satisfies all of the following:

25 (i) Except as otherwise provided under this subparagraph, is
26 derived from biomass, waste streams, renewable or zero emissions
27 energy sources, or gaseous carbon oxides. Beginning January 1,
28 2030, the aviation fuel must be derived from domestic feedstock
29 resources and must not be derived from coprocessing an applicable



1 material, or materials derived from an applicable material, with a
2 feedstock that is not biomass.

3 (ii) Meets the requirements of the American Society for Testing
4 and Materials D7566 "Standard Specification for Aviation Turbine
5 Fuel Containing Synthesized Hydrocarbons" or D1655 "Standard
6 Specification for Aviation Turbine Fuels".

7 (iii) Achieves at least a 50% life-cycle greenhouse gas
8 emissions reduction in comparison with petroleum-based jet fuel, as
9 determined by any of the following:

10 (A) The most recent life-cycle methodology for calculating the
11 life-cycle emissions of sustainable aviation fuels adopted by the
12 International Civil Aviation Organization with the agreement of the
13 United States.

14 (B) The most recent version of the Argonne National
15 Laboratory's Greenhouse gases, Regulated Emissions, and Energy use
16 in Technologies (GREET) model, inclusive but not limited to climate
17 smart agricultural practices, on-site renewables, and carbon
18 capture and sequestration.

19 (C) Any other model the department of environment, Great
20 Lakes, and energy approves to calculate life-cycle greenhouse gas
21 emissions for sustainable aviation fuel.