

**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       **and subject to the limitations under this section, for tax years**  
3       **beginning on and after January 1, 2025, a qualified taxpayer may**  
4       **claim a credit against the tax imposed by this part in an amount**  
5       **equal to \$1.50 per gallon of sustainable aviation fuel that**  
6       **satisfies both of the following:**
- 7               **(a) Is produced or blended in this state by the qualified**  
8       **taxpayer.**
- 9               **(b) Is sold in this state during the tax year by the qualified**

1 taxpayer to a purchaser that certifies that the sustainable  
2 aviation fuel was purchased for use as fuel in an aircraft  
3 departing from an airport in this state.

4 (2) Subject to the limitation under this subsection, the  
5 amount of the credit per gallon of sustainable aviation fuel  
6 allowed under subsection (1) increases by \$0.02 for each additional  
7 1% reduction in life-cycle greenhouse gas emissions above 50%, as  
8 determined in the same manner as provided under subsection  
9 (8) (e) (iii). However, the maximum amount of the credit per gallon of  
10 sustainable aviation fuel allowed under this section must not  
11 exceed \$2.00 per gallon.

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

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

29 (b) Copies of each purchaser's certification that the

1 sustainable aviation fuel purchased in this state from the taxpayer  
2 was purchased for use as fuel in an aircraft departing from an  
3 airport in this state.

4 (4) For purposes of the purchaser's certification required  
5 under this section, if the purchaser is a wholly owned subsidiary  
6 of an airline operator, the purchaser may make the certification  
7 required under this subdivision based on information from the  
8 airline operator that the sustainable aviation fuel was purchased  
9 for use in an aircraft departing from an airport in this state. If  
10 a purchaser makes a certification required under this section that  
11 it knows or has reason to know is false, any person responsible for  
12 preparing or submitting that certification is guilty of a  
13 misdemeanor punishable by imprisonment for not more than 1 year, a  
14 fine of not more than \$1,000.00, or both. A purchaser that is a  
15 wholly owned subsidiary of an airline operator that makes a  
16 certification required under this section based on information from  
17 that airline operator is deemed to have the same knowledge of the  
18 accuracy of such information as the airline operator.

19 (5) Subject to the limitation under subsection (6), not later  
20 than 30 days after receipt of an application under subsection (3),  
21 the department of environment, Great Lakes, and energy shall  
22 approve, reject, or request additional information if deemed  
23 necessary. If additional information is requested, the taxpayer has  
24 30 days upon receipt of the notification from the department of  
25 environment, Great Lakes, and energy to submit the additional  
26 information. If the taxpayer fails to submit the additional  
27 information requested within 30 days of being notified that  
28 additional information was needed, the application is considered  
29 abandoned and rejected. If an application is rejected by the

1 department of environment, Great Lakes, and energy, the department  
2 of environment, Great Lakes, and energy must notify the applicant  
3 in writing and include the reasons for the rejection. If an  
4 application is approved, the department of environment, Great  
5 Lakes, and energy must issue a certificate to the qualified  
6 taxpayer and the qualified taxpayer shall attach the certificate to  
7 the annual return filed under this part on which a credit under  
8 this section is claimed. The certificate required under this  
9 subsection must state all of the following:

10 (a) The taxpayer is a qualified taxpayer.

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

13 (c) The taxpayer's federal employer identification number or  
14 the Michigan department of treasury number assigned to the  
15 taxpayer.

16 (6) The department of environment, Great Lakes, and energy  
17 shall not approve and certify more than \$4,500,000.00 in credits  
18 under this section during the 2025-2026 state fiscal year. For each  
19 state fiscal year after the 2025-2026 state fiscal year, the  
20 maximum amount allowed to be approved and certified under this  
21 section during a state fiscal year is \$9,000,000.00.

22 (7) If the amount of the credit allowed under this section  
23 exceeds the qualified taxpayer's tax liability for the tax year,  
24 that portion that exceeds the tax liability for the tax year must  
25 be refunded.

26 (8) As used in this section:

27 (a) "Aviation fuel" means fuel as that term is defined in  
28 section 4 of the aeronautics code of the state of Michigan, 1945 PA  
29 327, MCL 259.4.

1 (b) "Biomass" means any organic matter that is available on a  
2 renewable or recurring basis, including agricultural crops and  
3 trees; wood and wood waste and residues; plants, including aquatic  
4 plants, grasses, residues, and fibers; animal waste; and the  
5 organic portion of solid wastes.

6 (c) "Greenhouse gas" means carbon dioxide, methane, nitrous  
7 oxide, hydrofluorocarbons, perfluorocarbons, or sulfur  
8 hexafluoride.

9 (d) "Qualified taxpayer" means a taxpayer that is engaged in  
10 the business of producing or blending sustainable aviation fuel in  
11 this state and that has been issued a certificate under subsection  
12 (5).

13 (e) "Sustainable aviation fuel" means aviation fuel that  
14 satisfies all of the following:

15 (i) Except as otherwise provided under this subparagraph, is  
16 derived from biomass, waste streams, renewable or zero emissions  
17 energy sources, or gaseous carbon oxides. Beginning January 1,  
18 2030, the aviation fuel must be derived from domestic feedstock  
19 resources and must not be derived from coprocessing an applicable  
20 material, or materials derived from an applicable material, with a  
21 feedstock that is not biomass.

22 (ii) Meets the requirements of the ASTM International D7566  
23 "Standard Specification for Aviation Turbine Fuel Containing  
24 Synthesized Hydrocarbons" or D1655 "Standard Specification for  
25 Aviation Turbine Fuels".

26 (iii) Achieves at least a 50% life-cycle greenhouse gas  
27 emissions reduction in comparison with petroleum-based aviation  
28 fuel, as determined by any of the following:

29 (A) The most recent life-cycle methodology for calculating the

1 life-cycle emissions of sustainable aviation fuels adopted by the  
2 International Civil Aviation Organization with the agreement of the  
3 United States.

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

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