

# HOUSE BILL NO. 4425

May 06, 2025, Introduced by Reps. Neyer, Kelly, Johnsen, Alexander, Mentzer, Borton, Kunse, Martin, BeGole, Beson, Miller, Wozniak, Roth, Schuette, Bierlein, Outman, Cavitt and VanderWall and referred to Committee on Transportation and Infrastructure.

A bill to create a sustainable aviation fuel incentive program; to provide for the powers and duties of certain state governmental officers and entities; to provide for the certification of certain tax credits and incentives; and to prescribe penalties.

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

1       Sec. 1. This act may be cited as the "sustainable aviation  
2 fuel incentive program act".

3       Sec. 3. As used in this act:

4       (a) "Aviation fuel" means fuel as that term is defined in

1 section 4 of the aeronautics code of the state of Michigan, 1945 PA  
2 327, MCL 259.4.

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

8 (c) "Department" means the department of environment, Great  
9 Lakes, and energy.

10 (d) "Greenhouse gas" means carbon dioxide, methane, nitrous  
11 oxide, hydrofluorocarbons, perfluorocarbons, or sulfur  
12 hexafluoride.

13 (e) "Qualified taxpayer" means that term as defined under  
14 section 678 of the income tax act of 1967 PA 281, MCL 206.678.

15 (f) "Sustainable aviation fuel" means aviation fuel that  
16 satisfies all of the following:

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

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

28 (iii) Achieves at least a 50% life-cycle greenhouse gas  
29 emissions reduction in comparison with petroleum-based aviation

1 fuel, as determined by any of the following:

2 (A) The most recent life-cycle methodology for calculating the  
3 life-cycle emissions of sustainable aviation fuels adopted by the  
4 International Civil Aviation Organization with the agreement of the  
5 United States.

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

11 (C) Any other model the department approves to calculate life-  
12 cycle greenhouse gas emissions for sustainable aviation fuel.

13 (g) "Sustainable aviation fuel incentive program" or "program"  
14 means the program created under section 5.

15 (h) "Sustainable aviation fuel tax credit" means the tax  
16 credit allowed under section 678 of the income tax act of 1967,  
17 1967 PA 281, MCL 206.678.

18 (i) "Tax year" means that term as defined in section 611 of  
19 the income tax act of 1967 PA 281, MCL 206.611.

20 Sec. 5. (1) The department shall create a sustainable aviation  
21 fuel incentive program to encourage persons engaged in the business  
22 of producing aviation fuel to produce more sustainable aviation  
23 fuel in this state. The department shall administer the program and  
24 develop and use an application, approval, and certification process  
25 for the approval of sustainable aviation fuel tax credits and make  
26 that process available on the department's website.

27 (2) A person seeking to claim a sustainable aviation fuel tax  
28 credit shall, within 2 months after the close of the person's tax  
29 year and in a form and manner as prescribed by the department,

1 submit an application to the department for approval and  
2 certification of the number of gallons of sustainable aviation fuel  
3 produced or blended in this state and sold during the tax year that  
4 meet the requirements in section 3(f) and the amount of the credit  
5 allowed to be claimed under section 678 of the income tax act of  
6 1967, 1967 PA 281, MCL 206.678. The person must submit both of the  
7 following with the application required under this subsection:

8 (a) Evidence that the person is engaged in the business of  
9 producing or blending sustainable aviation fuel in this state and  
10 that the sustainable aviation fuel sold during the tax year for  
11 which the credit is sought to be claimed was produced or blended in  
12 this state.

13 (b) Copies of each purchaser's certification that the  
14 sustainable aviation fuel purchased in this state from that person  
15 was purchased for use as fuel in an aircraft departing from an  
16 airport in this state.

17 (3) For purposes of the purchaser's certification required  
18 under subsection (2), if the purchaser is a wholly owned subsidiary  
19 of an airline operator, the purchaser may make the certification  
20 required under this section based on information from the airline  
21 operator that the sustainable aviation fuel was purchased for use  
22 in an aircraft departing from an airport in this state. If a  
23 purchaser makes a certification required under this section that it  
24 knows or has reason to know is false, any person responsible for  
25 preparing or submitting that certification is guilty of a  
26 misdemeanor punishable by imprisonment for not more than 1 year, a  
27 fine of not more than \$1,000.00, or both. A purchaser that is a  
28 wholly owned subsidiary of an airline operator that makes a  
29 certification required under this section based on information from

1 that airline operator is deemed to have the same knowledge of the  
2 accuracy of such information as the airline operator.

3 (4) Subject to the limitation under section 7, not later than  
4 30 days after receipt of an application submitted under this  
5 section, the department shall approve, reject, or request  
6 additional information if deemed necessary. If additional  
7 information is requested, the applicant has 30 days upon receipt of  
8 the notification from the department to submit the additional  
9 information. If the applicant fails to submit the additional  
10 information requested within 30 days after being notified that  
11 additional information was needed, the application is considered  
12 abandoned and rejected. If an application is rejected by the  
13 department, the department must notify the applicant in writing and  
14 include the reasons for the rejection. If an application is  
15 approved, the department must issue a certificate to the applicant.  
16 The certificate required under this subsection must state all of  
17 the following:

18 (a) The person is a qualified taxpayer.

19 (b) The amount of the sustainable aviation fuel tax credit  
20 allowed to be claimed by the qualified taxpayer for the designated  
21 tax year.

22 (c) The taxpayer's federal employer identification number or  
23 the Michigan department of treasury number assigned to the  
24 taxpayer.

25 Sec. 7. The department shall not approve and certify more than  
26 \$4,500,000.00 in sustainable aviation fuel tax credits under the  
27 program during the 2025-2026 state fiscal year. For each state  
28 fiscal year after the 2025-2026 state fiscal year, the maximum  
29 amount allowed to be approved and certified under the program

1 during a state fiscal year is \$9,000,000.00.

2 Sec. 9. (1) Not later than January 1 of each year, the  
3 department shall submit a report to the senate energy and  
4 environment committee, the house of representatives energy  
5 committee, the senate and house of representatives appropriations  
6 committees, and the senate and house of representatives fiscal  
7 agencies on the operation and effectiveness of the program for the  
8 immediately preceding fiscal year.

9 (2) The report under subsection (1) must include all of the  
10 following information:

11 (a) The total amount of sustainable aviation fuel tax credits  
12 certified under the program.

13 (b) The number of applications received and the number  
14 approved during the fiscal year.

15 Enacting section 1. This act does not take effect unless  
16 Senate Bill No. \_\_\_\_ (request no. S00975'25) or House Bill No. 4424  
17 (request no. H00975'25) of the 103rd Legislature is enacted into  
18 law.