MICHIGAN NEXT ENERGY AUTHORITY ACT
Act 593 of 2002

AN ACT to create and provide for the operation of the Michigan next energy authority; to provide for the powers and duties of the authority; to promote alternative energy technology and economic growth; and to exempt property of an authority from tax.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002.

The People of the State of Michigan enact:

207.821 Short title.

Sec. 1. This act shall be known and may be cited as the "Michigan next energy authority act".

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of Michigan next energy authority from department of energy, labor, and economic growth to Michigan strategic fund, see E.R.O. No. 2011-4, compiled at MCL 445.2030.

For transfer of powers and duties of Michigan next energy authority and Michigan next energy authority board to Michigan strategic fund and abolishment of Michigan next energy authority and Michigan next energy authority board, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

207.822 Definitions.

Sec. 2. As used in this act:

(a) "Advanced battery cell" means a rechargeable battery cell with a specific energy of not less than 80 watt hours per kilogram.

(b) "Alternative energy marine propulsion system" means an onboard propulsion system or detachable outboard propulsion system for a watercraft that is powered by an alternative energy system and that is the singular propulsion system for the watercraft. Alternative energy marine propulsion system does not include battery powered motors designed to assist in the propulsion of the watercraft during fishing or other recreational use.

(c) "Alternative energy system" means the small-scale generation or release of energy from 1 or any combination of the following types of energy systems:

(*i*) A fuel cell energy system.

(*ii*) A photovoltaic energy system.

(*iii*) A solar-thermal energy system.

(*iv*) A wind energy system.

(*v*) A CHP energy system.

(*vi*) A microturbine energy system.

(*vii*) A miniturbine energy system.

(*viii*) A Stirling cycle energy system.

(*ix*) A battery cell energy system.

(*x*) A clean fuel energy system.

(*xi*) An electricity storage system.

(*xii*) A biomass energy system.

(*xiii*) A thermoelectric energy system.

(d) "Alternative energy technology" means equipment, component parts, materials, electronic devices, testing equipment, and related systems that are specifically designed, specifically fabricated, and used primarily for 1 or more of the following:

(*i*) The storage, generation, reformation, or distribution of clean fuels integrated within an alternative energy system or alternative energy vehicle, not including an anaerobic digester energy system or a hydroelectric energy system, for use within the alternative energy system or alternative energy vehicle.

(*ii*) The process of generating and putting into a usable form the energy generated by an alternative energy system. Alternative energy technology does not include those component parts of an alternative energy system that are required regardless of the energy source.

(*iii*) A microgrid. As used in this subparagraph, "microgrid" means the lines, wires, fuel lines and fuel reformers, and controls to connect 2 or more alternative energy systems.

(*iv*) Research and development of an alternative energy vehicle.

(*v*) Research, development, and manufacturing of an alternative energy system.

(*vi*) Research, development, and manufacturing of an anaerobic digester energy system.

(*vii*) Research, development, and manufacturing of a hydroelectric energy system.

(e) "Alternative energy technology business" means a business engaged solely in the research, development, or manufacturing of alternative energy technology.

(f) "Alternative energy vehicle" means a motor vehicle manufactured by an original equipment manufacturer that fully warrants and certifies that the motor vehicle meets federal motor vehicle safety standards for its class of vehicles as defined by the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923, and certifies that the motor vehicle meets local emissions standards, that is propelled by an alternative energy system. Alternative energy vehicle includes the following:

(*i*) An alternative fueled vehicle. As used in this subparagraph, "alternative fueled vehicle" means a motor vehicle that can only be powered by a clean fuel energy system and can only be fueled by a clean fuel.

(*ii*) A fuel cell vehicle. As used in this subparagraph, "fuel cell vehicle" means a motor vehicle powered solely by a fuel cell energy system.

(*iii*) An electric vehicle. As used in this subparagraph, "electric vehicle" means a motor vehicle powered solely by a battery cell energy system.

(*iv*) A hybrid vehicle. As used in this subparagraph, "hybrid vehicle" means a motor vehicle that can only be powered by an internal combustion engine and 1 or more alternative energy systems.

(*v*) A solar vehicle. As used in this subparagraph, "solar vehicle" means a motor vehicle powered solely by a photovoltaic energy system.

(*vi*) A hybrid electric vehicle. As used in this subparagraph, "hybrid electric vehicle" means a motor vehicle powered by an integrated propulsion system consisting of an electric motor and combustion engine. Hybrid electric vehicle does not include a retrofitted conventional diesel or gasoline engine. A hybrid electric vehicle obtains the power necessary to propel the motor vehicle from a combustion engine and 1 of the following:

(A) A battery cell energy system.

(B) A fuel cell energy system.

(C) A photovoltaic energy system.

(*vii*) A hydraulic hybrid vehicle. As used in this subparagraph, "hydraulic hybrid vehicle" means a motor vehicle powered by a regenerative hydraulic drive system or powered by an internal combustion engine assisted by a regenerative hydraulic drive system.

(g) "Alternative energy zone" means a renaissance zone designated as an alternative energy zone by the board of the Michigan strategic fund under section 8a of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2688a.

(h) "Anaerobic digester energy system" means a device or system of devices for optimizing the anaerobic digestion of biomass for the purpose of recovering biofuel for energy production.

(i) "Authority" means the Michigan next energy authority created under section 3.

(j) "Battery cell" means a closed electrochemical system that converts chemical energy from oxidation and reduction reactions directly into electric energy without combustion and without external fuel and consists of an anode, a cathode, and an electrolyte.

(k) "Battery cell energy system" means 1 or more battery cells and an inverter or other power conditioning unit used to perform 1 or more of the following functions:

(*i*) Propel a motor vehicle or an alternative energy marine propulsion system.

(*ii*) Provide electricity that is distributed within a dwelling or other structure.

(*iii*) Provide electricity to operate a portable electronic device including, but not limited to, a laptop computer, a personal digital assistant, or a cell phone. For purposes of this subparagraph only, a battery cell energy system shall only use advanced battery cells.

(*l*) "Biomass energy system" means a system that generates energy from a process using residues from wood and paper products industries, food production and processing, trees and grasses grown specifically to be used as energy crops, and gaseous fuels produced from solid biomass, animal waste, municipal wastes, or landfills.

(m) "Board" means the governing body of an authority under section 4.

(n) "CHP energy system" means an integrated unit that generates power and either cools, heats, or controls humidity in a building or provides heating, drying, or chilling for an industrial process that includes and is limited to both of the following:

(*i*) An absorption chiller, a desiccant dehumidifier, or heat recovery equipment.

(*ii*) One of the following:

(A) An internal combustion engine, an external combustion engine, a microturbine, or a miniturbine, fueled solely by a clean fuel.

(B) A fuel cell energy system.

(o) "Clean fuel" means 1 or more of the following:

(*i*) Methane.

(*ii*) Natural gas.

(*iii*) Methanol neat or methanol blends containing at least 85% methanol.

(*iv*) Denatured ethanol neat or ethanol blends containing at least 85% ethanol.

(*v*) Compressed natural gas.

(*vi*) Liquefied natural gas.

(*vii*) Liquefied petroleum gas.

(*viii*) Hydrogen.

(*ix*) Renewable fuels.

(p) "Clean fuel energy system" means a device that is designed and used solely for the purpose of generating power from a clean fuel. Clean fuel energy system does not include a conventional gasoline or diesel fuel engine or a retrofitted conventional diesel or gasoline engine.

(q) "Department" means the department of management and budget.

(r) "Electricity storage device" means a device, including a capacitor, that directly stores electrical energy without conversion to an intermediary medium.

(s) "Electricity storage system" means 1 or more electricity storage devices and inverters or other power conditioning equipment.

(t) "Fuel cell energy system" means 1 or more fuel cells or fuel cell stacks and an inverter or other power conditioning unit. A fuel cell energy system may also include a fuel processor. As used in this subdivision:

(*i*) "Fuel cell" means an electrochemical device that uses an external fuel and continuously converts the energy released from the oxidation of fuel by oxygen directly into electricity without combustion and consists of an anode, a cathode, and an electrolyte.

(*ii*) "Fuel cell stack" means an assembly of fuel cells.

(*iii*) "Fuel processor" means a device that converts a fuel, including, but not limited to, methanol, natural gas, or gasoline, into a hydrogen rich gas, without combustion for use in a fuel cell.

(u) "Hydroelectric energy system" means a system related to the process of generating or putting into usable form the energy produced solely from flowing or falling water. The system may consist of a turbine, generator, alternator, electronic devices, or other directly related component parts.

(v) "Microturbine energy system" means a system that generates electricity, composed of a compressor, combustor, turbine, and generator, fueled solely by a clean fuel with a capacity of not more than 250 kilowatts. A microturbine energy system may include an alternator and shall include a recuperator if the use of the recuperator increases the efficiency of the energy system.

(w) "Miniturbine energy system" means a system that generates electricity, composed of a compressor, combustor, turbine, and generator, fueled solely by a clean fuel with a capacity of not more than 2 megawatts. A miniturbine energy system may also include an alternator and a recuperator.

(x) "Person" means an individual, partnership, corporation, limited liability company, association, governmental entity, or other legal entity.

(y) "Photovoltaic energy system" means a solar energy device composed of 1 or more photovoltaic cells or photovoltaic modules and an inverter or other power conditioning unit. A photovoltaic system may also include batteries for power storage or an electricity storage device. As used in this subdivision:

(*i*) "Photovoltaic cell" means an integrated device consisting of layers of semiconductor materials and electrical contacts capable of converting incident light directly into electricity.

(*ii*) "Photovoltaic module" means an assembly of photovoltaic cells.

(z) "Regenerative hydraulic drive system" means a system that captures energy from nonparasitic vehicle sources or energy wasted by a vehicle's brakes or suspension to be released to directly assist vehicle propulsion or directly propel the vehicle.

(aa) "Renewable fuels" means 1 or more of the following:

(*i*) Biodiesel or biodiesel blends containing at least 20% biodiesel. As used in this subparagraph, "biodiesel" means a diesel fuel substitute consisting of methyl or ethyl esters produced from the transesterification of animal or vegetable fats with methanol or ethanol.

(*ii*) Biomass. As used in this subparagraph, "biomass" means wood and paper products industries, food production and processing, trees and grasses grown specifically to be used as energy crops, and gaseous fuels produced from solid biomass, animal waste, municipal wastes, or landfills.

(bb) "Small-scale" means 1 or more of the following:

(*i*) A single energy system with a generating capacity of not more than 2 megawatts or an integrated energy system with a generating capacity of not more than 10 megawatts.

(*ii*) A single energy system or an integrated energy system with any generating capacity that is 1 or more

of the following:

(A) A fuel cell energy system.

(B) A photovoltaic energy system.

(C) A wind energy system.

(cc) "Solar thermal energy system" means an integrated unit consisting of a sunlight collection device, a system containing a heat transfer fluid to receive the collected sunlight, and heat exchangers to transfer the solar energy to a thermal storage tank to heat or cool spaces or fluids or to generate electricity.

(dd) "Stirling cycle energy system" means a closed-cycle, regenerative heat engine that is fueled solely by a clean fuel and uses an external combustion process, heat exchangers, pistons, a regenerator, and a confined working gas, such as hydrogen or helium, to convert heat into mechanical energy. A Stirling cycle energy system may also include a generator to generate electricity.

(ee) "Thermoelectric energy system" means a system that generates energy by converting thermal energy into electrical energy using direct heat from a clean fuel energy system or waste heat from any source. A thermoelectric energy system also includes an energy system that utilizes alkali metal thermal-to-electric conversion technology.

(ff) "Wind energy system" means an integrated unit consisting of a wind turbine composed of a rotor, an electrical generator, a control system, an inverter or other power conditioning unit, and a tower, which uses moving air to produce power.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002;—Am. 2006, Act 632, Imd. Eff. Jan. 4, 2007.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of Michigan next energy authority from department of energy, labor, and economic growth to Michigan strategic fund, see E.R.O. No. 2011-4, compiled at MCL 445.2030.

For transfer of powers and duties of Michigan next energy authority and Michigan next energy authority board to Michigan strategic fund and abolishment of Michigan next energy authority and Michigan next energy authority board, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

207.823 Michigan next energy authority; creation; powers and duties; contract; records and accounts.

Sec. 3. (1) There is created by this act a public body corporate and politic known as the Michigan next energy authority. The authority shall be located within the department.

(2) The authority shall exercise its prescribed statutory powers, duties, and functions independently of the director of the department. The budgeting, procurement, and related administrative functions of the authority shall be performed under the direction and supervision of the director of the department.

(3) The authority may contract with the department for the purpose of maintaining the rights and interests of the authority.

(4) The accounts of the authority may be subject to annual financial audits by the state auditor general. Records of the authority shall be maintained according to generally accepted accounting principles.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of Michigan next energy authority from department of energy, labor, and economic growth to Michigan strategic fund, see E.R.O. No. 2011-4, compiled at MCL 445.2030.

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207.824 Powers and duties of board.

Sec. 4. (1) An authority created under this act is governed by a board consisting of the members of the authority under the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

(2) The board shall organize and adopt its own policies, procedures, schedule of regular meetings, and a regular meeting date, place, and time. The board shall conduct all business at public meetings held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of each meeting shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(3) A writing prepared, owned, used, in the possession of, or retained by the board in the performance of an official function shall be made available to the public in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(4) A board may act only by resolution. A majority of the members of the board then in office, or of any committee of the board, shall constitute a quorum for the transaction of business.

(5) The board may employ legal and technical experts, private consultants, accountants, and other agents or employees for rendering professional and technical assistance and advice as may be necessary. The authority shall determine the qualifications, duties, and compensation of those it employs.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

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207.825 Powers and duties of authority.

Sec. 5. (1) Except as otherwise provided in this act, the authority may do all things necessary to implement the purposes of this act, including, but not limited to, all of the following:

(a) Adopt, amend, and repeal bylaws for the regulation of its affairs and the conduct of its business.

(b) Adopt an official seal and alter the seal at the pleasure of the board.

(c) Sue and be sued in its own name and plead and be impleaded.

(d) Solicit and accept gifts, grants, loans, and other assistance from any person or the federal, the state, or a local government or any agency of the federal, the state, or a local government or participate in any other way in any federal, state, or local government program.

(e) Research and publish studies, investigations, surveys, and findings on the development and use of alternative energy technology.

(f) Promote the research, development, and manufacturing of alternative energy technology.

(g) Do all other things necessary to promote and increase the research, development, and manufacturing of alternative energy technology and to otherwise achieve the objectives and purposes of the authority.

(2) The authority shall certify all of the following personal property and shall provide proof of certification to the assessor of the local tax collecting unit in which the following personal property is located:

(a) Alternative energy marine propulsion systems, alternative energy systems, and alternative energy vehicles that meet both of the following requirements:

(*i*) Were not previously subject to the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(*ii*) Were not previously exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, except for personal property exempt under section 9c or 9i of the general property tax act, 1893 PA 206, MCL 211.9c and 211.9i.

(b) Tangible personal property of a business that is an alternative energy technology business that meets both of the following requirements:

(*i*) Was not previously subject to the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(*ii*) Was not previously exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, except for personal property exempt under section 9c or 9i of the general property tax act, 1893 PA 206, MCL 211.9c and 211.9i.

(c) Tangible personal property of a business that is not an alternative energy technology business that is used solely for the purpose of researching, developing, or manufacturing an alternative energy technology that meets both of the following requirements:

(*i*) Was not previously subject to the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(*ii*) Was not previously exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, except for personal property exempt under section 9c or 9i of the general property tax act, 1893 PA 206, MCL 211.9c and 211.9i.

(3) The authority shall certify and provide proof of certification of the following business entities:

(a) An alternative energy technology business. The authority shall provide proof of certification to the assessor of the local tax collecting unit in which the alternative energy technology business is located.

(b) A taxpayer as an eligible taxpayer for the purposes of claiming the credit under section 39e(2) of the former single business tax act, 1975 PA 228, or under section 429 of the Michigan business tax act, 2007 PA 36, MCL 208.1429.

(4) The authority shall certify and provide proof of certification of the qualified business activity of a taxpayer eligible under subsection (3)(b). As used in this subsection, "qualified business activity" means that term as defined in section 39e of the former single business tax act, 1975 PA 228, or in section 429 of the

Michigan business tax act, 2007 PA 36, MCL 208.1429.

(5) The authority shall not operate an alternative energy technology business or otherwise engage in the manufacturing of any commercial products.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002;—Am. 2007, Act 189, Imd. Eff. Dec. 21, 2007.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of Michigan next energy authority from department of energy, labor, and economic growth to Michigan strategic fund, see E.R.O. No. 2011-4, compiled at MCL 445.2030.

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207.826 Tax exemption.

Sec. 6. The authority created under this act shall be exempt from and shall not be required to pay taxes on property, both real and personal, belonging to the authority, which is used for a public purpose. Property of the authority is public property devoted to an essential public and governmental function and purpose.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

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207.827 Construction of act.

Sec. 7. This act shall be construed liberally to effectuate the legislative intent and its purposes. All powers granted shall be cumulative and not exclusive and shall be broadly interpreted to effectuate the intent and purposes and not as a limitation of powers.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

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