

# Legislative Analysis

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## ADVANCED BATTERY TECHNOLOGY CREDITS

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**House Bill 5275 without amendment**

**Sponsor: Rep. Lisa Brown**

**House Committee: New Economy and Quality of Life**

**Complete to 9-1-09**

## A SUMMARY OF HOUSE BILL 5275 AS REPORTED FROM COMMITTEE

The bill would amend a section of the Michigan Business Tax Act (MCL 208.1434) that provides tax credits related to the development and application of advanced battery technology. It would allow for one additional credit to be awarded by the Michigan Economic Growth Authority for the construction of integrated battery cell manufacturing facilities, and specifies that one of the credits would have to be for the "manufacturing of large scale power systems designed to convert variable renewable power into firm dispatchable power."

(See [Background Information](#) for information on the project that is the anticipated recipient of the additional MBT credit.)

This brings the number of credits available from four to five credits, thus increasing the maximum dollar amount of credits available over four years from \$400 million to \$500 million, beginning in the 2012 tax year. The bill also would extend the deadline for the authorization of such credits by MEGA from October 1, 2009 to March 1, 2010.

The current limit on credits was recently added by Public Act 26 of 2009 (Senate Bill 466), which took effect May 12, 2009. That act increased the advanced battery credits available from three to four.

The advanced battery manufacturing credit is equal to 50 percent of the capital investment expenses for the construction of an integrative cell manufacturing facility if the taxpayer will create at least 300 new jobs in Michigan. The maximum allowable credit is \$25 million per year for no more than four years. No credit is to be claimed until the 2012 tax year (although the credit could be based on expenses incurred in prior years).

## FISCAL IMPACT:

The bill would increase the maximum amount of credits available under Section 434 of the Michigan Business Tax Act by a total of \$100 million. To the extent that the Michigan Economic Growth Authority awards additional credits, MBT and General Fund/General Purpose revenue would be reduced. This bill would have no direct effect on local units of government.

## **BACKGROUND INFORMATION:**

The tax credit envisioned in this bill is for the renewable energy park proposed for development at the site of the Ford Wixom Plant. Under this proposal, according to promotional material, Ford is to sell the site to Xtreme Power and Clairvoyant Energy, which will form a new firm to serve as the anchor for the site. The new company "will develop the site, progressively co-locating suppliers and other manufacturers on the 320-acre site utilizing 4.7 million square feet of plant space. Production by the anchor manufacturers is planned to commence in the fall 2011." The aim, say developers, is to "create the 'Nation's Destination Site' for Renewable Energy Products." Developers anticipate an investment of \$725 million and the creation of "2,500 direct jobs and 10,000 supplier jobs, with at least 1,500 co-located or nearby-- a minimum of 4,000 jobs in the Wixom area."

Promotional material provided to the House Committee on New Economy and Quality of Life describes Xtreme Power as a builder of large-scale power systems and Clairvoyant Energy as a global renewable energy project developer involved in the manufacture of, among other things, solar panels. The developers say that the Wixom site will be cited in their application to the federal Department of Energy for loan guarantees for the project. The incentives being discussed for this project, in addition to the MEGA SBT credit in this bill, include brownfield credits, renaissance zone designation, and anchor tenant status.

Testimony provided to the House committee on the bill on 8-26-09 can be found at:  
<http://www.house.mi.gov/committeeinfo.asp?lstcommittees=new+economy+and+quality+of+life&submit=Go>

## **POSITIONS:**

Indicating support for the bill were the Michigan Economic Development Corporation (MEDC) and the Department of Treasury; the Oakland County Economic Development Office and the City of Wixom; the Ford Motor Company; Xtreme Power and Clairvoyant Energy; Automation Alley; and the Michigan Manufacturers Association. (8-26-09)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.