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SBT CREDIT: RECYCLING EQUIPMENT

House Bill 4068

Sponsor: Rep. Gene DeRossett

Committee: Tax Policy

Complete to 2-14-01

A SUMMARY OF HOUSE BILL 4068 AS INTRODUCED 1-31-01

The bill would amend the Single Business Tax Act to allow a credit of up to 20 percent of the amount paid in the tax year to purchase and install machinery and equipment used exclusively in or on the premises of a manufacturing facility in Michigan used to manufacture, process, compound, or produce items of tangible personal property from recyclable materials for sale or used to process post-consumer waste material exclusively to produce finished products. The credit would apply for tax years beginning after December 31, 2001 and before January 1, 2012.

The total amount allowable as a credit for any tax year could not exceed 20 percent of the tax liability for that year (as determined before calculating the credits). If the credits exceeded 20 percent of the tax liability, the excess could be carried forward to offset tax liability in subsequent years for 10 years or until used up, whichever came first.

To qualify for a credit, a taxpayer would have to submit with the annual return 1) certification from the Department of Environmental Quality that the machinery and equipment were integral to the recycling process; and 2) purchase receipts, invoices, or other auditable documentation of the cost paid for the machinery and equipment and the cost of installation.

The bill contains definitions of the terms "manufacturing facility" and "recyclable materials". The term "manufacturing facility" would refer to buildings and structures the primary purpose of which is either 1) the manufacture of goods or materials or the processing of goods and materials by physical or chemical change; or 2) the provision of research and development laboratories of companies whether or not the company manufactures the products developed from their research activities. The term "recyclable materials" would refer to any product generated by a taxpayer that has served its intended end use and that has been separated from solid waste for the purpose of collection, marketing, and disposition and that does not include demolition waste or more than 15 percent secondary waste material or demolition waste. "Secondary waste material" refers to waste material generated after the completion of a manufacturing process.

MCL 208.39d

Analyst: C. Couch

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