

HOUSE BILL No. 5436

November 8, 2007, Introduced by Reps. Nofs, Opsommer, Horn, Moolenaar, Booher, Palsrok, Hansen, Knollenberg and Huizenga and referred to the Committee on Energy and Technology.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.532) by adding section 253.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 253. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,
2 2007, IF A TAXPAYER PURCHASES AND INSTALLS RESIDENTIAL ENERGY
3 EFFICIENT PROPERTY TO SUPPLY ALL OR PART OF THE ENERGY REQUIRED FOR
4 THE TAXPAYER'S PRINCIPAL RESIDENCE OR FOR RESIDENTIAL RENTAL
5 PROPERTY OWNED BY THE TAXPAYER AND IF THE TAXPAYER PARTICIPATES IN
6 A NET METERING PROGRAM OFFERED BY AN ELECTRIC UTILITY, THE TAXPAYER
7 MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED UNDER THIS ACT EQUAL TO
8 20% OF THE TOTAL COST OF EXPENDITURES INCURRED IN PURCHASING THE
9 NECESSARY EQUIPMENT, INSTALLING THE RESIDENTIAL ENERGY EFFICIENT
10 PROPERTY, AND ANY OTHER EXPENSES INCURRED DURING THE TAX YEAR,

1 INCLUDING ANY UTILITY CHARGES INCURRED TO PARTICIPATE IN THE NET
2 METERING PROGRAM. THE CREDIT ALLOWED UNDER THIS SUBSECTION SHALL
3 NOT EXCEED \$500.00. A TAXPAYER WHO RENTS OR LEASES RESIDENTIAL
4 RENTAL PROPERTY MAY CLAIM A SIMILAR CREDIT COMPUTED UNDER THIS
5 SECTION FOR THE PURCHASE AND INSTALLATION OF RESIDENTIAL ENERGY
6 EFFICIENT PROPERTY AND PARTICIPATION IN A NET METERING PROGRAM, AS
7 LONG AS THE OWNER OR LESSOR DOES NOT CLAIM A CREDIT UNDER THIS
8 SECTION BASED ON THE SAME COSTS.

9 (2) THE DEPARTMENT MAY REQUIRE REASONABLE PROOF IN SUPPORT OF
10 THE COSTS AND EXPENSES CLAIMED UNDER THIS SECTION.

11 (3) IF THE TOTAL CREDITS ALLOWED UNDER THIS SECTION FOR THE
12 TAX YEAR EXCEED THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR,
13 THAT PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL NOT
14 BE REFUNDED BUT MAY BE CARRIED FORWARD FOR 1 YEAR ONLY.

15 (4) AS USED IN THIS SECTION:

16 (A) "ACTIVE SOLAR SYSTEM" MEANS A SYSTEM OF EQUIPMENT CAPABLE
17 OF COLLECTING AND CONVERTING INCIDENT SOLAR RADIATION INTO THERMAL,
18 MECHANICAL, OR ELECTRICAL ENERGY, AND TRANSFERRING THESE FORMS OF
19 ENERGY BY A SEPARATE APPARATUS TO STORAGE OR TO THE POINT OF USE.
20 ACTIVE SOLAR SYSTEM INCLUDES WATER HEATING, SPACE HEATING OR
21 COOLING, AND ELECTRICAL OR MECHANICAL ENERGY GENERATION.

22 (B) "BIOMASS" MEANS AGRICULTURAL CROPS AND ORGANIC WASTE,
23 WASTE TO ENERGY, AND LANDFILL GAS. BIOMASS FUELED SYSTEMS SHALL BE
24 ALLOWED TO BLEND UP TO 25% FOSSIL FUEL AS NEEDED TO ENSURE SAFE,
25 ENVIRONMENTALLY SOUND SYSTEM OPERATION.

26 (C) "BIOMASS SYSTEM" MEANS ANY SYSTEM OF APPARATUS AND
27 EQUIPMENT CAPABLE OF CONVERTING ORGANIC PLANT, WOOD, OR WASTE

1 PRODUCTS INTO ELECTRICAL AND THERMAL ENERGY AND TRANSFERRING THESE
2 FORMS OF ENERGY BY A SEPARATE APPARATUS TO THE POINT OF USE OR
3 STORAGE.

4 (D) "ELECTRIC UTILITY" MEANS A PERSON, PARTNERSHIP,
5 CORPORATION, ASSOCIATION, OR OTHER LEGAL ENTITY WHOSE TRANSMISSION
6 OR DISTRIBUTION OF ELECTRICITY THE MICHIGAN PUBLIC SERVICE
7 COMMISSION REGULATES UNDER 1909 PA 106, MCL 460.551 TO 460.559, OR
8 1939 PA 3, MCL 460.1 TO 460.10CC. ELECTRIC UTILITY ALSO INCLUDES A
9 MUNICIPAL UTILITY.

10 (E) "ELIGIBLE ELECTRIC GENERATOR" MEANS A SYSTEM FOR THE
11 GENERATION OF ELECTRICITY THAT IS FUELED BY A RENEWABLE FUEL OR A
12 FUEL CELL. AN ELIGIBLE ELECTRIC GENERATOR SHALL NOT EXCEED 150
13 KILOWATTS UNLESS APPROVED BY THE COMMISSION IN CONSULTATION WITH
14 POTENTIALLY AFFECTED ELECTRIC UTILITIES.

15 (F) "HYDROENERGY SYSTEM" MEANS A SYSTEM OF APPARATUS AND
16 EQUIPMENT CAPABLE OF INTERCEPTING AND CONVERTING KINETIC WATER
17 ENERGY INTO ELECTRICAL OR MECHANICAL ENERGY AND TRANSFERRING THIS
18 FORM OF ENERGY BY SEPARATE APPARATUS TO THE POINT OF USE OR
19 STORAGE.

20 (G) "PASSIVE SOLAR SYSTEM" MEANS A DIRECT THERMAL SYSTEM THAT
21 UTILIZES THE STRUCTURE OF A BUILDING AND ITS OPERABLE COMPONENTS TO
22 PROVIDE FOR COLLECTION, STORAGE, AND DISTRIBUTION OF HEATING OR
23 COOLING DURING THE APPROPRIATE TIMES OF THE YEAR BY UTILIZING THE
24 CLIMATE RESOURCES AVAILABLE AT THE SITE. PASSIVE SOLAR SYSTEM
25 INCLUDES THOSE PORTIONS AND COMPONENTS OF A BUILDING THAT ARE
26 EXPRESSLY DESIGNED AND REQUIRED FOR THE COLLECTION, STORAGE, AND
27 DISTRIBUTION OF SOLAR ENERGY.

1 (H) "PRINCIPAL RESIDENCE" MEANS THAT TERM AS DEFINED IN
2 SECTION 7DD OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
3 211.7DD.

4 (I) "RENEWABLE FUEL" MEANS SOLAR, WIND, OR BIOMASS.

5 (J) "RESIDENTIAL ENERGY EFFICIENT PROPERTY" MEANS ANY ACTIVE
6 SOLAR, PASSIVE SOLAR, WIND, OR HYDROENERGY SYSTEM USED TO SUPPLY
7 ENERGY TO OR FOR A PRINCIPAL RESIDENCE OR RESIDENTIAL RENTAL
8 PROPERTY UNIT.

9 (K) "RESIDENTIAL RENTAL PROPERTY" MEANS THAT PORTION OF REAL
10 PROPERTY NOT OCCUPIED BY AN OWNER OF THAT REAL PROPERTY THAT IS
11 CLASSIFIED AS RESIDENTIAL REAL PROPERTY UNDER SECTION 34C OF THE
12 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.34C, IS A MULTIPLE-
13 UNIT DWELLING, OR IS A DWELLING UNIT IN A MULTIPLE-PURPOSE
14 STRUCTURE, USED FOR RESIDENTIAL PURPOSES.

15 (L) "WIND SYSTEM" MEANS A SYSTEM OF APPARATUS AND EQUIPMENT
16 CAPABLE OF INTERCEPTING AND CONVERTING WIND ENERGY INTO MECHANICAL
17 OR ELECTRICAL ENERGY AND TRANSFERRING THESE FORMS OF ENERGY BY A
18 SEPARATE APPARATUS TO THE POINT OF USE OR STORAGE.