

# HOUSE BILL NO. 5186

October 19, 2023, Introduced by Reps. Roth, MacDonell, Neyer, BeGole and Steckloff and referred to the Committee on Local Government and Municipal Finance.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.847) by adding section 677.

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

1           **Sec. 677. (1) For tax years that begin on and after January 1,**  
2 **2024, a taxpayer that incurs allowable costs attributable to an**  
3 **eligible project may claim a credit against the tax imposed under**  
4 **this part equal to the following percentages of those allowable**  
5 **costs:**

6           **(a) 3% for an eligible project that receives a Silver LEED**

1 certification from the USGBC.

2 (b) 5% for an eligible project that receives a Gold LEED  
3 certification from the USGBC.

4 (c) 7% for an eligible project that receives a Platinum LEED  
5 certification from the USGBC.

6 (2) To be eligible for a credit under this section, the  
7 taxpayer shall obtain an eligibility certificate from the  
8 commission based on the submission of evidence from the USGBC of  
9 the LEED certification rating for the eligible project and submit  
10 documentation of allowable costs in the form and manner as  
11 prescribed by the department. The taxpayer shall attach the  
12 eligibility certificate received from the commission that provides  
13 the LEED certification rating and the amount of the credit approved  
14 to the annual return on which a credit under this section is  
15 claimed.

16 (3) The total amount of credits allowed under this section  
17 shall not exceed \$30,000,000.00 each fiscal year. For each fiscal  
18 year, the commission shall approve and certify credits based on the  
19 date of the eligibility certificate. The certification of any  
20 credit for an eligible project that is deferred due to the cap  
21 under this subsection must be approved and certified for the  
22 immediately succeeding tax year.

23 (4) If the credit allowed under this section for the tax year  
24 and any unused carryforward of the credit allowed by this section  
25 exceed the taxpayer's tax liability for the tax year, that portion  
26 that exceeds the tax liability for the tax year shall not be  
27 refunded but may be carried forward to offset tax liability in  
28 subsequent tax years for 3 years or until used up, whichever occurs  
29 first.

1 (5) As used in this section:

2 (a) "Allowable costs", except as provided under subparagraph  
3 (vi), means the following amounts attributable to an eligible  
4 project and expended during the tax year for which the credit is  
5 being claimed and the immediately preceding 3 tax years for that  
6 eligible project, including, but not limited to:

7 (i) Construction or rehabilitation costs.

8 (ii) Commissioning costs.

9 (iii) Architectural and engineering fees allocable to the  
10 eligible project, including energy modeling and certification fees.

11 (iv) Site costs, such as temporary electric wiring,  
12 scaffolding, demolition costs, and fencing and security facilities.

13 (v) Costs of carpeting, partitions, walls and wall coverings,  
14 ceilings, lighting, plumbing, electrical wiring, heating, cooling,  
15 ventilation, and mechanical costs.

16 (vi) Allowable costs does not include the purchase of real  
17 property, any remediation costs, or any costs attributable to  
18 telephone systems or computers.

19 (b) "Commission" means the new state tax commission created  
20 within the department under Executive Reorganization Order No.  
21 2009-36, MCL 209.131.

22 (c) "Eligible project" means the construction or renovation of  
23 commercial property, including, but not limited to, multifamily  
24 residential property consisting of 5 or more units located in this  
25 state that earns LEED certification from the USGBC under the LEED  
26 green building rating system at the silver or higher level or other  
27 green building certification determined by the commission to be  
28 equivalent with respect to climate mitigation and resilience  
29 outcomes.

1           (d) "LEED certification" means the Leadership in Energy and  
2 Environmental Design certification level assigned under the LEED  
3 green building rating system.

4           (e) "LEED green building rating system" means the Leadership  
5 in Energy and Environmental Design green building rating system  
6 developed by the USGBC as of the date that the eligible project is  
7 registered with the USGBC.

8           (f) "USGBC" means the United States Green Building Council,  
9 which measures and evaluates the energy and environmental  
10 performance of a building according to its own Leadership in Energy  
11 and Environmental Design rating system.