



*Echelbarger, Himebaugh, Tamm & Co., P.C.*

## STATE AND LOCAL TAX NEWSLETTER

*Business Strategists & Certified Public Accountants*

2008-30

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### **New Bills Provide Significant MBT Credits for Polycrystalline Silicon Businesses**

GRAND RAPIDS, MI – Monday, August 11, 2008 – The Michigan legislature has passed and the governor has signed a series of bills to provide significant Michigan Business Tax (MBT) credits for the construction and operation of a new or expanded facility for the manufacture of polycrystalline silicon. The MBT credits are also available to a taxpayer whose business activity conducted in Michigan includes the manufacturing of polycrystalline silicon for solar cells and semiconductor microchips. The credits are available for a period of twelve years beginning with tax years beginning after December 31, 2001 through 2023. The credit is refundable. [PA 262, PA 263, PA 264, PA 265, PA 266 and PA 267]

**Public Act 267 of 2008**, effective August 8, 2008, allows a Michigan Business Tax credit to a qualified taxpayer that received a certificate from the Michigan Economic Growth Authority to construct and operate a new or expanded facility for the manufacture of polycrystalline silicon. The credit is allowed for tax years beginning after December 31, 2001 and before January 1, 2016 equal to the product obtained by multiplying the qualified consumption of energy times the difference between the guaranteed cost of electricity and the actual delivered price of electricity billed to the qualified taxpayer under a tariff rate approved by the Public Service Commission or the projected cost of electricity, whichever is less. If the credit exceeds the taxpayer's tax liability for the tax year, the taxpayer may elect to have the excess refunded or have the excess carried forward for up to 10 years or until used up, whichever occurs first.

**Public Act 264 of 2008**, effective August 8, 2008, allows a Michigan Business Tax credit to a qualified taxpayer that received a certificate from the Michigan Economic Growth Authority to

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construct and operate a new or expanded facility for the manufacture of polycrystalline silicon. The credit provided by PA 267 is for the 2023 tax year. The credit against the Michigan Business Tax is equal to the product obtained by multiplying 25% of the qualified consumption of electricity times the difference between the projected cost of electricity and the guaranteed cost of electricity. If the credit exceeds the taxpayer's tax liability for the tax year, the taxpayer may elect to have the excess refunded or have the excess carried forward for up to 10 years or until used up, whichever occurs first.

**Public Act 265 of 2008**, effective August 8, 2008, allows a Michigan Business Tax credit to a qualified taxpayer that received a certificate from the Michigan Economic Growth Authority to construct and operate a new or expanded facility for the manufacture of polycrystalline silicon. The credit against the Michigan Business Tax is for tax years that begin after December 31, 2015 and before January 1, 2022. The credit is equal to the product obtained by multiplying the qualified consumption of electricity times the difference between the projected cost of electricity and the guaranteed cost of electricity. If the credit exceeds the taxpayer's tax liability for the tax year, the taxpayer may elect to have the excess refunded or have the excess carried forward for up to 10 years or until used up, whichever occurs first.

**Public Act 266 of 2008**, effective August 6, 2008, allows a Michigan Business Tax credit to a qualified taxpayer that received a certificate from the Michigan Economic Growth Authority to construct and operate a new or expanded facility for the manufacture of polycrystalline silicon. The credit against the Michigan Business Tax is for the 2022 tax year. The credit is equal to the product obtained by multiplying 50% of the qualified consumption of electricity times the difference between the projected cost of electricity and the guaranteed cost of electricity. If the credit exceeds the taxpayer's tax liability for the tax year, the taxpayer may elect to have the excess refunded or have the excess carried forward for up to 10 years or until used up, whichever occurs first.

**Public Act 262 of 2008**, effective August 6, 2008, gives the Michigan Economic Growth Authority the power to determine the eligibility of and issue certificates for credits allowed for certain electricity costs for qualified taxpayers that construct and operate a new or expanded facility for the manufacture of polycrystalline silicon.

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**Public Act 263 of 2008**, effective August 6, 2008, allows a taxpayer to claim a credit against the Michigan Business Tax for a period of 12 years for a portion of its energy consumption costs. The taxpayer's business activity must be conducted in Michigan and include the manufacturing of polycrystalline silicon for solar cells and semiconductor microchips. The taxpayer must have entered into an agreement with the Michigan Economic Growth Authority that provides that the taxpayer will construct and operate a new or expanded facility for the manufacture of polycrystalline silicon. The credit must be taken after all other credits allowed under the MBT. MEGA cannot enter into more than one such agreement and cannot enter into an agreement after December 31, 2008. The taxpayer cannot claim the credit unless MEGA has issued a certificate to that taxpayer, which must be attached to the annual MBT return. The certificate must specify the amount of the credit allowed for the designated tax year.

Stay tuned for more news and follow the [MichiganStateAndLocalTaxBlog](#) for information as it becomes available. If you have any questions, please go ahead and contact me. I will be happy to be of assistance.

Sincerely,

Ed Kisscorni, CPA/MBA



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